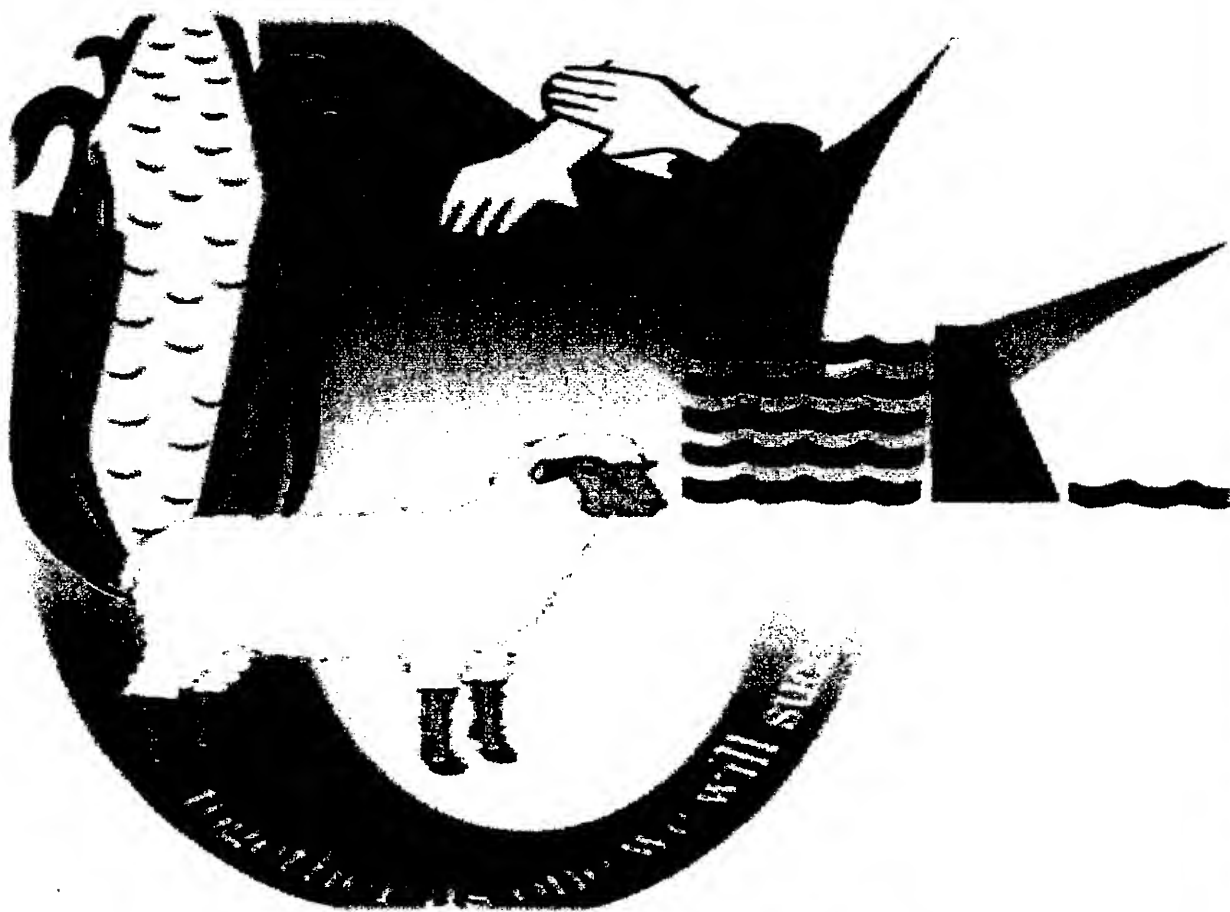


RENOSTERBERG MUNICIPALITY



2007/2008

Annual Report

TABLE OF CONTENTS

	Page
CHAPTER 1	
1.1 Foreword by the Mayor.....	2
1.2 Overview by the Municipal Manager	4
CHAPTER 2 : Introduction and Overview	
2.1 Establishment Imperatives	6
2.2 Demographic Profile	6
2.3 Gender and Race	7
CHAPTER 3 : Functional Area Service Delivery Reporting	
3.1 Office of the Municipal Manager	14
CHAPTER 4 : Performance measured against the (five) 5 national key performance area's (KPA'S)	
4.1 KPA 1 : Service Delivery and Infrastructure Development	15
4.2 KPA 2 : Local Economic Development	19
4.3 KPA 3 : Municipal Finance Viability	22
4.4 KPA 4 : Municipal Transformation & Institutional Development	24
4.5 KPA 5 : Good Governance	26
CHAPTER 5 : Human Resources and Organisational Management	
5.1 Training and Development	27
5.2 Health and Safety Compliance	28
5.3 Labour Relations: Collective Bargaining / Disciplinary code	28
5.4 Organisational Restructuring and Recruitment	29
5.5 Employment Equity (EE)	30
CHAPTER 6 : Audited Statements and Related Financial Information	

CHAPTER 1

1.1 FOREWORD BY THE MAYOR

I am very privileged to present the 2007/08 Annual Report of the Renosterberg Municipality. I present this report to you, the people of Renosterberg Municipality, with great excitement at the opportunity I have to occupy the highest office in the Municipal area.

The position I have in the Municipal Area goes with a lot of responsibilities, of which myself and my fellow councillors should ensure that they are fulfilled. It is my responsibility to lead this council in completing the mandate accorded to us by the people of Renosterberg Local Municipality in the 2006 Local elections and to lay the foundation for the post 2011 election administration to hit the ground running.

We present this report at a very crucial and important time in our 15th year in democracy, and when we heading for our fourth democratic elections. It comes at a time when our country and the whole world is faced by the global economic meltdown, which poses serious dangers for our economy in terms of job losses and the quality of life of our people. This is a challenge that all of us should never underestimate because job losses is a very serious challenge to all of us, and people should start saving for them to be prepared for the challenge.

This annual report covers work done from July 2007 to 30 June 2008, and we need to be proud of it because we did pretty well when it comes to administrative matters and service delivery. When we came in as this council, administratively this Municipality was in a very bad state.

Today we can take pride in reporting that much has been achieved and further progress remains our highest priority. We can therefore reflect on a year in which a firm foundation for new progress has been laid, in anticipation of the next financial year.

Indeed, it is a matter of proud record, to report that as this council we managed to eradicate all bucket toilets in all formal settlements, we built more than 300 houses, we render free basic services like electricity, water and refuse removal to 1076 households, and 6kl of free water to all the residents of Renosterberg Municipality. We managed to embark on several other projects or programmes that will reflect on this report, programmes like sport; construction of play parks for kids; renovation of community halls and the high mast lights in Phillipstown.

This is just but one giant step of his council to fight poverty and unemployment and to bring services to the people to enhance better life for all. This is also a way for this council to ensure that we fulfil the mandate accorded to this council in 2006.

We admit that this is not enough because thousands are still unemployed and hundreds still don't have houses and access to free basic services like electricity, water and sanitation. Some people are still encountering problems with faulty accounts, refuse removal, shortage of water, our roads are un-accessible and the townships are untidy. These are all areas we need to improve on, and we are quite confident that there will be improvement in all of these areas in a very near future.

We therefore want to appeal to the different state departments to join us in trying to bring the services to the people, and to better the lives of our people. It is the responsibility of all to render services to the community and to ensure better life for all, to fight poverty and unemployment. Hundreds of people are living in deep poverty and thousands are still unemployed, and if we can all come to the party the future of the people of Renosterberg Municipality is guaranteed.

Allow me, in this context to urge and call upon all the people of the Renosterberg Municipality to go and register and vote in the coming national and provincial elections, so that we can shape our destiny ourselves.

Furthermore, I would like to take this opportunity to thank all Councillors and officials as well as the members of the community for all their support and contributions during the past financial year, and for their commitment and hard work in making this journey a success.

Thank You

A handwritten signature in black ink, appearing to be 'A.Z. Jack', written over a dotted line.

A.Z. Jack (The Mayor)

1.2 OVERVIEW BY THE MUNICIPAL MANAGER

The Renosterberg Municipality has never in its existence tabled an Annual Report which makes it both a moment of history as well as commitment to adherence to Legislation governing how municipalities should conduct their business. The period under review was characterised by a number of challenges that the municipality had to deal with as it was in a state of instability. I will therefore highlight the following areas that prevailed and confronted the municipality.

Organisational Structure

The municipality at the beginning of the financial year was confronted with the absence of key personnel in the administration namely the Municipal Manager and the Chief Financial Officer who both resigned their posts. This led to administrative instability as key decisions could not be taken as a series of people acted in the post of municipal Manager and the Chief Financial Officer's post was assisted by the District municipality. It was only in March 2008 and June 2008 when the Municipal Manager and Chief Financial officer were appointed respectively. The Council was therefore able to adopt a new Organisational structure which was non-existent. The critical challenge on the structure was the high vacancy rate which existed at the Senior Management Level. The post of Planning and Development Manager and Corporate The posts could not be filled in the financial year as they were not budgeted for. This put a strain on the workload of both the Municipal Manager and the Chief Financial Officer as they were compelled to be more involved in operational matters.

Performance management

The municipality in the period under review did not have a performance management system in place and no performance agreements were signed. This was due to vacant posts at Top management which was difficult for people in acting positions to implement the system. The absence of performance management system and the SDBIP made it difficult to assess the performance of the municipality as there are no targets or indicators to measure its performance and the performance of its officials.

Records management system

The municipality did not have a records management system and registry which led to endless search of documents. The highlights of the period under review was the establishment of the registry and the adoption of a records management system.

Service Delivery

The municipality was able to perform its core responsibility of providing water, sanitation, electricity and refuse removal to its inhabitants. There were however serious delivery challenges which were exacerbated by the following matters:-

- Absence of a Senior Manager for Planning and Development

- Dilapidated fleet of the municipality with its many breakdowns compromised service delivery at critical times
- Financial constraints which were caused by skew budgeting of items related Technical and infrastructure department.
- Water shortages in Petrusville more especially during the summer months.
- Frequent bursting of pipes in Vanderkloof which put a strain in the budget of the department as well as diverting workers from other areas of work.

Projects

The municipality was able to implement a number of projects during the period under review the following will be highlighted :-

- The completion of the Oxidation ponds in Petrusville
- The building of 300 low cost houses in Petrusville
- The building of the Water Reservoir in Phillipstown
- The renovation of parks and halls

Audit Qualification

The non- existence of a series of control measures, systems and policies , instability at the Top Senior Management resulted in the municipality getting an unfavourable audit outcome.

Conclusion

The 2007/2008 financial year was the difficult period in the existence of the municipality. The challenges the municipality faced were enormous. The foundation for stability and compliance to legislation were unfortunately implemented at the end of the financial year and could not make any impact on the performance of the municipality. I would like give thanks to all staff members and political office bearers for their support and commitment in ensuring that the Renosterberg Municipality remained focus in improving the lives of its people. In the words of President Barack Obama " Our challenges may be new. The instruments with which we meet them may be new. But those values upon which our success depends -- honesty and hard work, courage and fair play, tolerance and curiosity, loyalty and patriotism -- these things are old. These things are true. They have been the quiet force of progress throughout our history."



MZAMO MTUBU

MUNICIPAL MANAGER

CHAPTER 2 INTRODUCTION AND OVERVIEW

In compliance with Section 46 of the Local Government: Municipal Systems Act 2000 (Act 32 of 2000) (Systems Act) and Section 121 of the Local Government: Municipal Finance Management Act, 2003 (Act 56 of 2003)(MFMA) a municipality must prepare an annual report for each financial year.

This document will provide an overview of the progress made in realising Renosterberg Municipality 's strategic objectives, the people who drove our efforts and the unique challenges and opportunities we faced during the financial year July 2007 – June 2008.

2.1 ESTABLISHMENT IMPERATIVES

Renosterberg Municipality is a vast area comprising half a million hectares (554 502.514 Ha). Renosterberg Municipality is located on the banks of the Orange River in the Pixley Ka Seme District Municipality of the Northern Cape.

The largest town is Petrusville, followed by Philipstown and Vanderkloof. Vanderkloof is a resort town on the Vanderkloof dam on the Orange River. Many households live on farms which are mainly commercial sheep and game farms.

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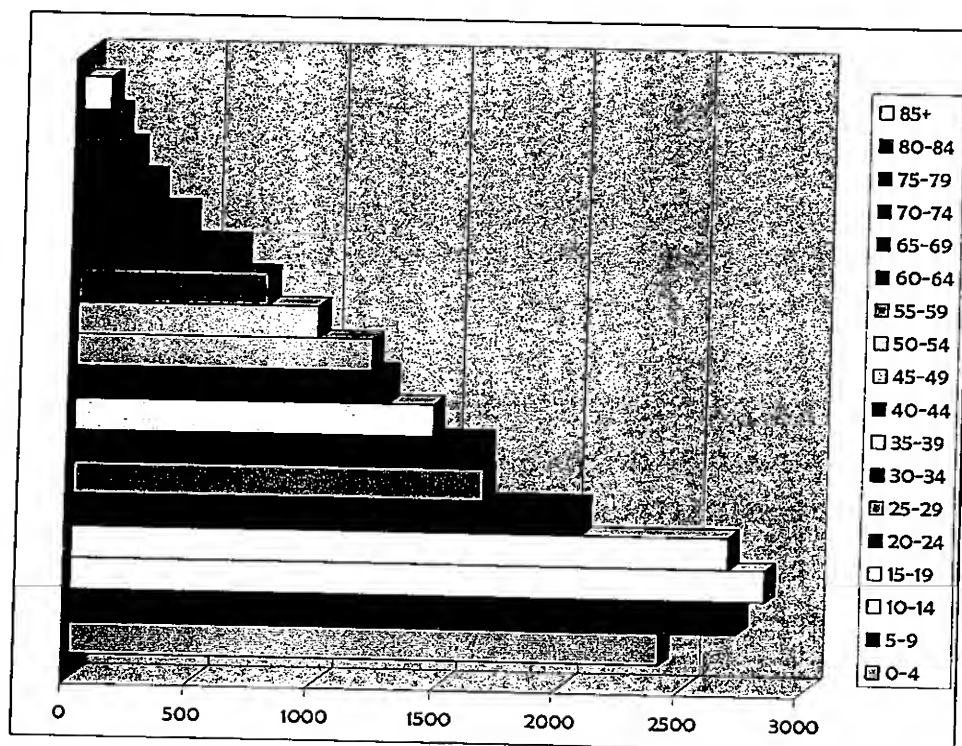
2.2 DEMOGRAPHIC PROFILE

Renosterberg Municipal Area has a population of approximately 9 069 persons (StatsSA 2001) and 9 836 in 2006 (DWAF), the majority of which reside in the Petrusville area. The average household size in the Pixley Ka Seme District area is 4.52 persons per household (Pixley Ka Seme IDP, 2007). The average household size in Renosterberg is 5.3 persons per household.

Within the whole municipality there is a recorded negative growth of population with an estimated population growth of -0.29% by 2015. The biggest contributing factor to the negative growth being HIV/AIDS and migration of people out of the district. Within the

municipality, migration is mainly from most rural area to the urban areas such as Petrusville. Figure 1 shows the population per age group within Renosterberg Municipality

Figure 1: Population per Age Group



(StatsSA, 2001)

The population is as follows:

- ☐ The population can be classified as young with approximately 60% of the population below the age of 30.
- ☐ 46% of the population are youth.
- ☐ The youth make up approximately 95% of the economically active population.
- ☐ The population of the municipality is decreasing.

2.3 GENDER AND RACE

The age-sex structure of a population determines characteristics such as income earning potential and basic needs e.g. and old population needs special health care and welfare. 51% of the Northern Capes population is female.

Discrepancies in the male/female ration are caused on locally economic activities. Men outnumber women in areas where mining or agriculture is the predominant economic sector. The race group ration of Pixley Ka Seme and Renosterberg are related in Table 2.2. Gender

Table 2.2. Gender

	Male	Female	Total	Male %	Female%	Total
Pixley Ka Seme	80 092	84 513	164 613	49%	51%	100%
Renosterberg Municipality	4 414	4 658	9 072	48%	52%	100%

(StatsSA, 2001)

Fifty-two percent of the Northern Cape households are headed by females. In Pixley ka Seme, 34% are headed by women with the highest 45% in Renosterberg Municipality.

Table 2.3. Race

	Total	Black African	Coloured	Indian or Asian	White	Total
Pixley Ka Seme	164 651	27%	62%	0%	11%	100%
Renosterberg Municipality	9 430	27.4%	62%	0.4%	10.1%	100%

(StatsSA, 2001)

Figure 2: Population per Age Group

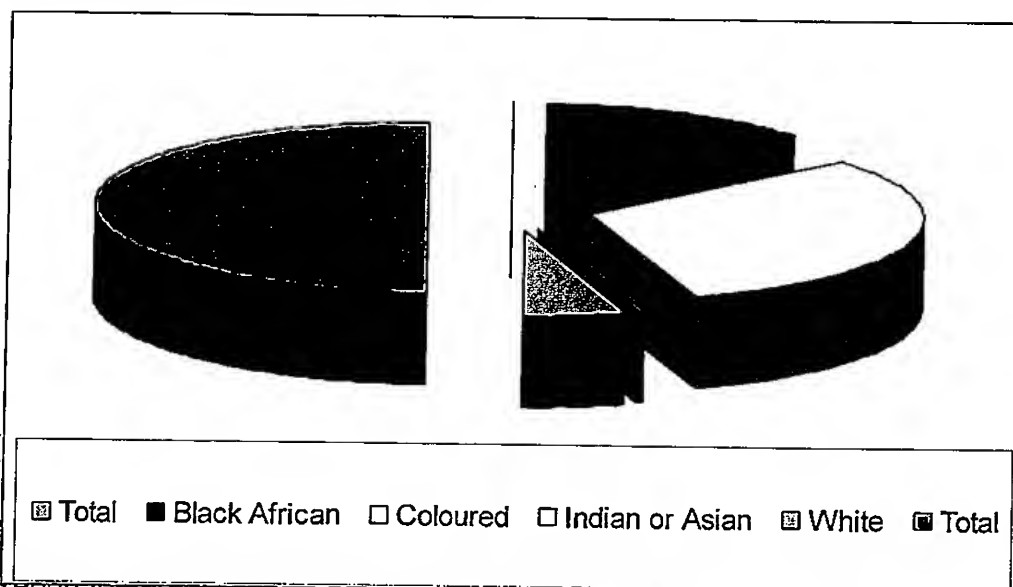


Table 2.6. Population Distribution in Municipal contents

Town	Population 2001	Household s 2001	% Household in RM	% Population in RM
Petrusville	3717	741	40.99%	32.80%
Phillipstown	3300	509	36.39%	22.53%
Vanderkloof	1200	243	13.23%	10.76%
Rural	852	766	9.39%	33.91%
Renosterber g	9069	2259	100.00%	100.00%

(Municipal Demarcation Board: 2006)

In Vanderkloof the census was conducted outside holiday periods. As a large number of houses in Vanderkloof are only used for holiday purposes the possible maximum population of Vanderkloof was under estimated in the '96 census.

According to the 1996 census, Vanderkloof had a population of 876 with a total number of households of 243. In the land use survey of 2001 the number of residential erven occupied were calculated as 391 which is substantially higher than the 243 of the census.

As a large percentage of the houses in Vanderkloof is used only for holiday purposes, the population figures fluctuates significantly from in season to out of season.

The census in 1996 was conducted out of season and would therefore be more representative of the average population of the town. For the design of services and amenities this figure will however be too low and the higher figure calculated from the 2001 land use survey should be used.

According to the 1996 census Petrusville had a population of 3450. From the 2001 land use survey, the population was calculated as 3975. The increase can mainly be attributed to an influx of mainly farm dwellers that have settled in the settlements of Greenpoint, Squatters, Qu Lokasie and Sinyoka.

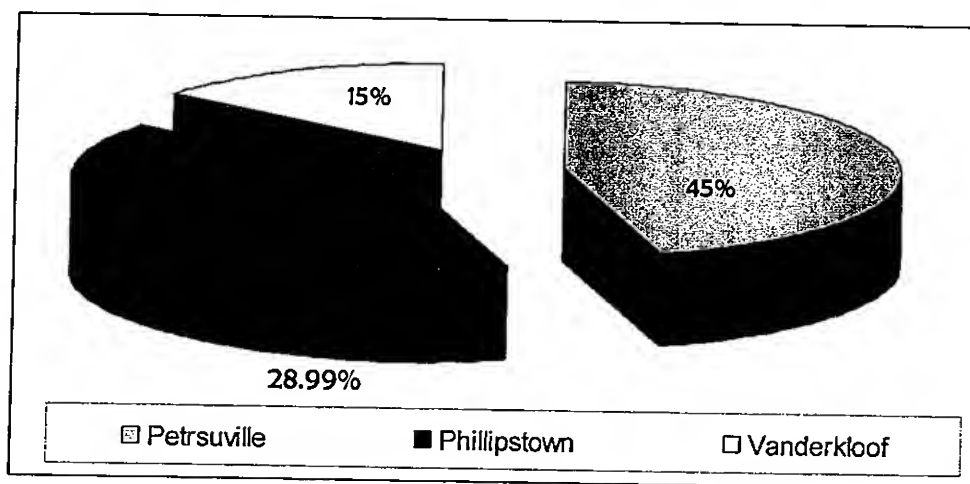
According to the 1996 census, Phillipstown had a population of 2244. Through the 2001 land use survey, the population was estimated at 3594. This significant increase is mainly in Lukhanyisweni where the population has increased by approximately 1200 from 254 to 1452. This increase can also largely be attributed to farm dwellers that have moved from farming areas to the town.

According to the 1996 census there were 2355 people on the farms in the Renosterberg Municipality. This figure could not be verified but it can be expected that this figure has dropped / decreased significantly due to the fact that the population in the black and informal settlements in both Petrusville and Phillipstown have increased significantly during the past 5 years due to the migration of farm workers.

This figure should however be updated in future either after the 2001 census figures becomes available or through a process to update the statistics of the farming communities.

The above is reflected in *Figure 3: Household Distribution* which indicates the population distribution in 2001 for the Renosterberg Municipality. This pattern has not changed dramatically since.

Figure 3: Population Distribution in Municipal Contents



(StatsSA, 2001)

The highest number of persons per household is found in Petrusville and the lowest in the Vanderkloof.

3. GOVERNANCE STRUCTURES

COUNCIL STRUCTURES

Municipal Council consists of 4 Ward Councillors and 3 Proportional Representatives. The Portfolio Committees are as follows:

Portfolio Committee	Chairperson	Members
Finance Committee	Mayor AZ Jack	Cllr AZ Kwinana Cllr G Moolman
Planning and Development	Cllr AZ Kwinana	Cllr M Hoffman Cllr H Booysen
Corporate Services	Cllr M Hoffman	Cllr AZ Kwinana Cllr Lackay Cllr H Hermanus

1.4 STAFF AND DEPARTMENTS

OFFICE OF THE MUNICIPAL MANAGER

The Municipal Manager as head of the administration is responsible and accountable for tasks and functions as provided for in Section 55 of the Systems Act, other functions/tasks as provided for in legislation, as well as functions delegated by the Mayor and Council

DEPARTMENT OF: FINANCE

The core function of this department is to ensure sound financial management.

This directorate consists of the Chief Financial Officer as head of the Department with the sections Financial Services, Expenditure, Income and Supply Chain Management.

DEPARTMENT : CORPORATE SERVICES

The main function of this directorate is to ensure that co-operative governance and public participation take place in decentralised administrations and that service delivery takes place.

The Department was without a Senior Manager was busy with setting up of all units structures and systems and place.

DEPARTMENT: PLANNING AND DEVELOPMENT:

This directorate's focus is the provision of planning and basic services.

The post of the Senior Manager at the Department was vacant , the work of the Department was coordinated by Foremen in the three towns of the Municipality

CHAPTER 3

FUNCTIONAL AREA SERVICE DELIVERY REPORTING

FUNCTIONAL ANALYSIS

What follows is an analysis of the respective functional areas in relation to the constraints faced, main priorities and functional strategies. The functional areas are grouped under the relevant directorates.

3.1 OFFICE OF THE MUNICIPAL MANAGER

PERFORMANCE MANAGEMENT

The municipality did not implement the Performance Management system due to the fact that there were acting Municipal Managers and Chief Financial Officers for the better part of the financial year. A Municipal Manager was only appointed in March 2008 and the Chief Financial officer only in June 2008.

CORPORATE STRATEGY

In order to provide strategic direction to the service delivery efforts of the Municipality the following Corporate Strategy was adopted by Council as part of its IDP for the 2007/2008 financial year. This strategy was confirmed for the year under review.

VISION

We, the Renosterberg Municipality, commit ourselves to sustainable development of our community so that positive change can be experienced whereby the quality of all people be improved

MISSION

To achieve our vision we provide

- Effective Affordable service delivery
- Optimal human and natural resource development
- Local Economic Development and Job Creation
- A vibrant tourism industry
- A healthy and secure community
- A community friendly environment

CHAPTER 4

PERFORMANCE MEASURED AGAINST THE (FIVE) 5 NATIONAL KEY PERFORMANCE AREA'S (KPA'S)

4.1 KPA 1: SERVICE DELIVERY AND INFRASTRUCTURE DEVELOPMENT

4.1.1 Water Services

- Upgrading of the Watermain between Vanderkloof and Petrusville

This project involves the construction of a potable water supply pipeline to Petrusville. It was funded through the Municipal Infrastructure Grant programme and the Department of Water Affairs and Forestry. Ninham Shand Consulting Services was appointed as Consultants and Project Managers and Insitu Pipelines (Pty) Ltd as Contractors. The beneficiaries being the residents of Petrusville as well as a few farmers along the pipeline route.

The Contract for the construction work was awarded on 12 March 2008 and the completion date was determined as 3 December 2008.

The work involves pipe manufacturing in Gauteng, transporting to the site, trench excavation, preparation of bedding, laying of pipes including welding and wrapping of joints, placing and compaction of the blanket section, backfilling of trenches, construction of air valve and scour valve chambers, stormwater protection off-finishing and re-instatement of fences.

Construction work started on 3 June 2008 and the work was to be completed on 13 November 2008, with a final completion on 3 December 2008.

Allocated funding: (VAT excluded)

Consolidated Municipal Infrastructure Grant: R 8,365,000.00

Department of Water Affairs and Forestry: R 11,254,864.16

- Upgrading of the Water Reservoir in Phillipstown

A water reservoir was built in Phillipstown with an amount of R 2,5 million.

SMALLER PROJECTS

Drinking water quality was monitored continuously to ensure that quality of our drinking water meets the required standards(SANS241) No instance of sub-standard water where found.

4. 1.1 Water

	07/08
New Water connections	316
Amount of Water abstracted or purchased	230,989,920
Water supplied & metered	1004304
Percentage of Network bursts and leaks	36%

4.1.2 Electricity

	07/08
New electricity connections	150
An amount of electricity generated or purchased	3231839.50
Electricity supplied and metered	6412380
Percentage off electricity supply loss	12%

4.1 .3 ROADS

Not much was done in terms of the roads in . There are still a lot of potholes in all the roads in the town as well as in township. Most of the roads in township have been dilapidated and is difficult to drive after rain as no proper drainage system exists.

Roads of the municipality should be prioritised. A tender for the regravelling of the roads in Phillipstown went out towards the end of the financial year. The project will be able to improve roads infrastructure in Phillipstown.

EPWP Project

The Municipality implemented an EPWP project that entailed the following :- building of parks, storm water drainage system as well as

4.1.4 Solid Waste Management

Petrusville

Waste Disposal Site

The Waste Disposal sites in Petrusville, Phillipstown and Vanderkloof are in a poor conditions. The residence of all the communities near the sites are complaining about the smell and smoke caused by burning waste. The security fences are in poor condition and needs upgraded. Access to the sites is also not controlled which increases the health and safety risks.

A tender for the new waste Disposal site in Petrusville was done but the municipality could not appoint due to the amounts tendered being above the allocated funds

4.1.5 Sanitation

Backlogs in bucket eradication was completed in December 2007. About more than 300 buckets where eradicated in Petrusville and Phillipstown.

An oxidation pond was completed in September 2007 Petrusville at a cost of R3.494,239.90. The oxidation ponds will bring relief as new development of low cost houses is taking place in Petrusville.

4.1.6 Housing

Low Cost Housing

The status of the housing project is as follow:

Houses that where under construction in Petrusville were 300. The project was planned to be completed by end of December 2008.

The Council has made applications for the building of houses in Phillipstown and Vanderkloof.

4.1.7 Community facilities

4.1.7.1 Thembinkosi Community Hall

The Municipality allocated an amount of : R350 000.00 was allocated for the upgrading of the Thembinkosi Hall. The work entailed the installation of air conditions, tiles and the revamping of the kitchen. The work was completed in March 2008 although the contractor could not complete some of the finer touches of the work.

4.1.7.2 Petrusville Town Hall

The state of the town Hall is slowly deteriorating. It has been a victim of vandalism in the current financial year. The council has to budget for its rehabilitation and that it be utilised effectively as it is currently not fully utilised.

4.1.7.2 Phillipstown Community Hall and Town Hall

An amount of R 150, 676.31 was used for the renovation of the community hall and the Town Hall.

4.1.7.3 Parks

The Council made an allocation of funds for PLAYING PARKS for the children, one in each of the three communities which is Uitsig, Thembinkosi and Greenpoint. R100 000. 00 was budgeted for the construction of the three play parks and R19 000.00 was utilised for the devil's forks in Vanderkloof at Keurtjiekloof.

A further R224 808.00 was used for the purchase of the play ground equipment (for all the parks) and for transportation.

4.1.7.4. Public Toilet

An amount of R28 000 was used to build a public toilet in Vanderkloof.

4.1.7.5. Cemeteries

A sum of R 28 000 was used for the fencing of the cemeteries in Phillipstown

4.1.8 Sport and Recreation

All the sporting facilities in the Petrusville and Phillipstown towns have not been budgeted for as the result the conditions of these facilities is deteriorating. The Council has made an application to the Lottery Distribution Fund for the renovation of the sport facilities. Application for more funds for the renovation of the sport facilities therefore remains a priority.

4.2 KPA 2 LOCAL ECONOMIC DEVELOPMENT

4.2.1 Economic Growth

Over the past years until now, the economy is very poor. The area is surrounding by many farms and the only activities are agriculture and live stock farming. These activities are not benefiting the economy of the area even the people, instead they are export to the cities. The council has tried in many years to develop a strategy to rescue the economy of the area but all those attempts failed. The area does not have long-term projects and businesses are very poor to create jobs. Communities depend to the municipality and social grants for living. The Vanderkloof dam, which seeks to be the only town in the area that at least its economy is having life because most people have businesses others are retires and they invest in building guesthouses and holiday facilities which attracts tourist and the town becomes tourism and the dam that attracts mostly. The area is also having few government departments that played a vital role in terms of creating permanent jobs like Escom, Water Affairs and Nature conservation. Our economy is still not benefiting the poorest of the poor. The dam, which is the most important resource to create many and better jobs, is only supporting the surrounding farms for agricultural purposes. In 2008, the management committee introduced the LED to assist and guide to implement businesses orientated initiatives with the aim of promoting emerging enterprises. Currently the Local Economic Development that seeks to address the vision of eradicating poverty has submitted the programme of the LED to Municipal manager for discussion and submissions. The economy is very poor in Philipstown the bank and the post office has closed and only operates during certain days as well as in Vanderkloof because most investors went over to ABSA bank and Vanderkloof its closed down totally.

4.2.2 Job creation & Poverty Alleviation

Since 2006, the Municipality has provided short-term projects trying to address the issue of unemployment in the area or communities of Renosterberg Municipality. There are no permanent jobs that can rescue the situation except that the municipality has appointed the

temporarily workers at Municipality permanently. Our businesses cannot employ people permanently or even temporarily due to the ineffectiveness of business caused by unemployment. The departments tried but in very little numbers. In 2007, the Municipality initiated projects aimed at poverty alleviation and job creation for the communities. The water bulk project from the Vanderkloof dam that will address the issue draught throughout the Pixely ka Seme region. This project will create a lot of jobs and self-employment to our communities. The project employed 40 people already in the area since 2008. In many instances, the municipality is encouraging contractors to make use of our ordinary citizens for labour and providing skills. In Philipstown since 2006, 2007 the municipality has tried to rescue the situation but as I mentioned short-term projects does not make any differences in a previously disadvantaged community because all people are hungry and jobless. Our communities do not pay services properly because most are indigent. Poverty and job opportunities should be the priority in the area. Most of our people do not have even bank accounts because the money they earn is very little, its state grants, farm, contractor and domestic worker payments. The municipality has improved in Petrusville by building houses since 2006, and is planning to build house in Philipstown and Vanderkloof. The municipality also improves in granting free basic service to the indigents in all towns. Currently the municipality is having three projects one in Philipstown (upgrading local roads funded by District Municipality) one in Vanderkloof (Day picnic site funded by DEAT) and one from Petrusville (water bulk funded by DWAF) other projects are on the pipe line.

4.2.3 Local labour Promotion

The municipality has encouraged all contractors and small business to register and register in the database of the Municipality so that when there is work they can be gave priority to assist in improving the economy. Contractors from outside are encouraged to make use of our local labour. People are also encouraged to start self-employment opportunities.

The picnic site in Vanderkloof employed 20 people

The upgrading roads projects employed 42

The water bulk project employed 40 People

Houses built in Petrusville employed more than 100 people

Community halls upgrading, employed more than hundred people throughout the municipality

These projects tried to assist but honestly short-term projects are not the answer to address jobless and poverty.

4.2.4 Mayoral Social upliftment project

An amount R100 000 was made available for the following projects

Sport (soccer and Netball tournament)

Sport equipment

Art and cultural (choirs competition)

An amount of R _____ was made available for the following project

Learner's drivers license for 20 youth members.

Youth advisory center (Built by District Municipality through the mayoral office and appointed two youth and will provide advice and skills to hundreds of youth throughout the municipality)

4.2.5 Creating a conducive environment for the SMME's

Since 2008 midyear, the LED started to create an environment for the SMME's

4.2.6 Skills Development

All projects of the EPWP programme were use as a platform to address the issue of skills development. Unlike 20 youth in the Municipality were trained for learner drivers license and further more there is a Youth advisory center that addresses computer skills in the municipality.

4.2.7 Tourism

In Vanderkloof the municipality is having a holiday resort and a caravan park. The two can accommodate more than 400 people simultaneously. The resort and the caravan park needs to be upgrade so that more tourists can visit the place. Currently we are busy with the day picnic site in Vanderkloof. Furthermore, it is not the only places for accommodation there are many of them in Vanderkloof. In the area, we have a dam, which is the second largest dam in the country with a bridge wall that is 102 meters height. The Nature conservation that specializes with the white Rhino and other attractive wild animals. Escom is having an electricity plant that generates electricity from the river or dam that contribute electricity all over South Africa. In the Petrusville and Philipstown there must be attractions on tourism but the municipality need to investigate. The municipality has to make sure through SMME's that tourism is going to benefit our people and contribute to the economic growth of the two towns.

4.3 KPA 3 MUNICIPAL FINANCIAL VIABILITY

4.3.1 Financial Planning

4.3.1.1 Indigent Households

An account holder is defined as indigent if the total household income does not exceed R2000- 00 per month. The onus is on the applicant to come forward and register as indigent in line with the Council approved indigent policy. For the period under review, 786 indigents were registered and received indigent support. However the process of registering the indigent is ongoing and all those with total household income of less than R200-00 per month are encouraged to register for support

4.3.1.2 Debt by age and type as at 30 June 2008

	Current	30 Days	60 Days	90 Days
<i>Debtors(Consumers)</i>				
- Water	69,170	896,655	145,321	1,623,656
- Electricity/Elektrisiteit	94,735	71,134	43,395	626,618
- Sewerage/Riool	50,958	25,628	25,110	1,402,578
- Refuse/Vullis verwydering	29,949	13,978	13,343	846,075
- Property Tax/ Erf Belasting	155,287	121,121	129,474	715,738

4.3.1.3 Writing off of irrecoverable debt.

At 30 June 2008 the books of the municipality shows that a total amount of R5 214 666 was outstanding for more than 90 days. No write off of irrecoverable debts were done during 2007/2008 financial year. The process of writing off irrecoverable debt will be implemented in 2008/2009 financial year after assessing the type of debtors that are included in the above mentioned amount. This process enables management to identify trends in the causes of debt and the introduction of corrective measures.

4.3.1.4 Valuation

The table below presents information on the valuation of the Renosterberg Municipality properties

Area	Date of last Valuation
Vanderkloof	1999/2000
Petrusville	1996
Phillipstown	1996

A municipality is the process of compiling a rates policy and valuation roll which is in line with the new promulgated Property Rates Act. A valuation process will be starting during 2008/2009 financial year with the implementation from 1 July 2009

4.3.1.5 Customer Care, Credit Control and Debt Collection Policy

Council approved new Customer Care, Credit Control and Debt Collection Policy in June 2007 for implementation from 1 July 2008. This had to be done to conform to the Municipal Finance Management Act, in terms of which proposed budget related policies of a municipality must accompany the annual budgets.

4.3.1.6 Arrear Municipal Account Deductions from Creditors

The deduction of arrear municipal accounts from Councillors and Officials was implemented by the finance section. Amount owed by the Councillors and Official is directly deducted from the payroll.

4.3.1.7 Age analysis of payments to Creditors

The current status of payments of Creditor accounts are within 30 days of statement according to the Municipal Finance Management Act, No.56 of 2003. Staff pays all invoices that reflect on the creditors statement to ensure that invoices are all paid within 30 days of statement. Queries on the accounts get resolve timeously.

4.3.1.8 Hand terminals for meter reading capturing

During 2007/2008 financial year no permanent staff was solely responsible for meter reading, except Vanderkloof office where the service was outsource to the member of the community. Petrusville and Phillipstown office were making use of the General workers to read the meters.

4.4 KPA 4 MUNICIPAL TRANSFORMATION & INSTITUTIONAL DEVELOPMENT

4.4.1 Organizational design

The organization was restructured in order to align the macro structure of the municipality with the five strategic priorities for local government for its term of office (2006 – 2011) in the following way:

- Municipal Transformation, Institutional Development and Good Governance : Office of the Municipal Manager;
- Basic Service Delivery and Public Participation: Senior Manager: Cooperate Services.
- Financial Viability and Financial Management: Senior Manager: Finance
- Local Economic Development: Office of the Municipal Manager
- Infrastructure for Service Delivery: Senior Manager: Planning & Development

4.4.2 Employment Equity

During the restructuring process the implantation of EE principles was limited as result of various collective agreements (i.e. Placement) In spite of this the municipality has made great strides in improving its employee profile at all levels in order to be more representative of the community t serves. Training of designated employees is also creating opportunities to acquire the necessary skills to enable them to function as key role players in the municipality.

The top management of the Municipality is not fully compliant with employment equity standards, consisting of the Municipal Manager and still 2 senior managers' positions are vacant. It exists of two ethnic black persons. Due to the placement process persons are over represented in the rest of the management and this will be addressed in vacancies, subject to the competency of applicants. (In this paragraph top management refers to the Municipal Manager and senior and middle managers to rest of the management cadre).

No EE policy is in place but cognizance of the demographics of the population is taken into account during the recruitment and selection processes.

3.4.1 Skills Development

Renosterberg Municipality endorses the need to combine skills challenges beyond legislative compliance by budgeting more than the 1% prescribed and also takes on the broader skills demands of the Integrated Development Plan (IDP) and economic development.

When compiling the Skills Plan no cognizance is taken of the essential need to link the skills requirements to the Municipality's IDP as well as its strategic priorities and its service delivery focus areas.

TRAINING 2007/2008

WATER & SEWERAGE TREATMENT	5
MUNICIPAL ACCOUNTING	2
METER READING	6

The IDP for the next five year cycle was approved and implemented by Council. The IDP for the Municipality is seen as the single, inclusive and strategic plan for the municipality. The IDP was not prepared in line with set timeframes approved by Council. It was submitted to council for approval through an IDP rep forum consisted of all councilors, sector department and ward committee members.

4.4.3 Performance Management

The Service Delivery Budget Implementation Plan (SDBIP) is being used as a performance management, implementation and monitoring tool that will assist and guide the Mayor, Councilors, Municipal Manager, Senior Manager and the community. The plan serves as the basis of the performance assessments of the Municipal Manager and directors. It also forms the basis for the monthly, quarterly, mid-year and the annual assessment report.

The SDBIP provides in-year information such as quarterly service delivery and monthly budget targets and links each service delivery output to the budget of the municipality. There was no SDBIP for this financial year.

4.5 KPA 5 GOOD GOVERNANCE

4.5.1 TIMEOUS RESPONSE ON REPORTED SERVICE DELIVERY MATTERS

Operational staff responds to reported service delivery issues, these matters are responded to even after hours. The capacity to effectively respond to service delivery matters still leaves much to be desired, this to some extent might be as a result of shortage of staff and lack of capacity/skills.

Service delivery matters are reported to the management, but the implementation of these matters is very slow from the side of the general workers. This matter is a matter of urgent intervention.

4.5.6 PUBLIC PARTICIPATION, ACCOUNTABILITY AND TRANSPARENCY

The public fully participate in the running of the Municipality by taking part in all the processes of the Municipality, like the budget processes and policy formulation processes. The council calls for Council Imbizo's/Council meets the people before or after every council meeting. All ward councillors call for ward committee meetings to discuss matters relating to their respective wards, for the matters to be tabled for discussions in the council meeting.

People have access to the policies and by-laws of the Municipality and any other documents that are for public scrutiny. Vacant posts are advertised on local and national papers, and are also placed on public places with clearly stipulated criteria.

4.5.7 WARD COMMITTEE SYSREM

The municipal area consists of four wards, each ward with a functional ward committee consisting of nine committee members plus the ward councillor. The ward councillor is the chairperson of the ward committee for the ward he/she belongs to.

The ward committee meetings sit quarterly and whenever there is a need for the committee to convene in between the months. Not all ward committee members are committed to the work of the ward committee, some members are very reluctant to attend meetings. Ward two and three have joint meetings due to the demarcation of the two wards and the ill health of the ward councillor of ward three.

4.5.8 INTERGOVERNMENTAL RELATIONS

Numerous intergovernmental relations structures exist in the Region and in the Province; the IGR Forum – where the different Municipalities and the different departments in the region meets and MUNIMEC Forum – where the Mayors in the Province meets with the different MEC's of the Province. These meetings are normally attended by the Mayor and the Municipal Manager.

CHAPTER 5

HUMAN RESOURCES AND ORGANISATIONAL MANAGEMENT

The Human Resources component plays a supportive administrative function to furnish the Office of the Municipal Manager and the different directorates with accurate and comprehensive information.

The Official Human Resources did not have any assistance by support staff, due to the organizational structure and was responsible for the following:

- Personnel Administration
- Recruitment and Selection
- Employment Equity
- Training and Development
- Organizational Development (Job Descriptions for permanent approved positions on the Organization Structure)
- Labour Relations including disciplinary hearing in accordance with Disciplinary Code assisted by the Local Unit of Pixley Ka Seme District Municipality.
- Occupational Health and Safety.

Staff is governed in terms of various legislative enactments e.g. the Labour Relations Act, (Act 66 of 1995) the Basic Conditions of Employment Act, (Act 55 of 1998) the Systems Act (Act 32 of 2000) as well as various collective agreements concluded between the recognized employer and employee parties.

All negotiations between the parties are conducted under the auspices of the South African Local Government Bargaining Council (SALGBC) the recognized sector institution for Local Government in South Africa. The Employer is represented by the South African Local Government Association (SALGA) and the employees by either IMATU or SAMWU, the recognized trade unions in this sector.

The following are some of the key outcomes in respect of this area:

5.1 TRAINING AND DEVELOPMENT

Renosterberg Municipality never endorses the need to combine skills challenges beyond legislative compliance by budgeting more than the 1% prescribed and also takes on the broader skills demands of strategic objectives written into the Integrated Development Plan

IIDP) and department objectives of the Service Delivery and Budget Implementation Plan (SDBIP). There was even no SDBIP in place.

The Renosterberg Municipality, like all other local authorities, must submit a Workplace Skills Plan to LDSETA in terms of the Skills Development Act, (Act 97 of 1998) and related legislation.

It is the role and function of the Skills Development Facilitator to gather, facilitate and analyze information in relation to the Workplace Skills Plans which will meet the needs of the organization, individual learners, the sector and national skills priorities. In compiling the Skills Plan for 2008/2009 no cognizance was taken of the essential need to link the skills requirements to the Municipality's IDP as well as its strategic priorities and its service delivery focus areas.

As from 2009 the focus of training will shift to entering employees for learner ships. These learner ships are occupationally based learning pathways which will result in employees receiving certificate for accredited training. Learner ships are designed to meet the needs of Municipalities at all levels. Due to the structured combination of theory and workplace experience the learners are operational and employable after the learner ship training. Moreover, Learner ships are a tool for sound staff development. It will help develop a competent workforce at the middle and upper management levels.

At present we're in negotiation that 45 lower level employees receiving Adult Basic Education training that will eventually capacitate them to enter learner ships on NQF level 4. The design of ABET programmes are changed to have workplace relevance.

5.2 HEALTH AND SAFETY COMPLIANCE

No Establishment.

5.3 LABOUR RELATIONS: COLLECTIVE BARGAINING / DISCIPLINARY CODE

Parties to the SALGBC (SALGA, UMATU and SAMWU) concluded an Organizational Right Agreement in 2003. This was done to create an environment conducive to sound industrial relations in local government in South Africa.

The following matters are some of those which are subject to collective bargaining at national level only:

- Remuneration

- Medical Aid
- Retirement Funds
- Hours of work
- Leave

In terms of the Organizational Rights Agreement a Local Labour Forum must be established to discuss labour matters of a local nature. During 2007 the Renosterberg LLF resumed its monthly meetings. The position of chairperson rotates annually between the two parties for the employer and employees respectively.

Structures are in place to promote uniformity and consistency for managing discipline and grievances.

5.4 ORGANISATIONAL RESTRUCTURING AND RECRUITMENT

Ongoing recruitment and selection process have been followed since no restructuring have took place. No opportunity were given to internal staff in order to provide them with promotional opportunities based on their qualifications and /or experience in respect of acquired learning, as well as the fact that many of them already performed the function for a long time as well as the appointment of who were in councils duty for such a long period.

Appointment during this period was as follows:

Aug 2007: 1) PA to the Mayor (Five Year Fix)
 2) Resort Manager (Permanent)
 3) Two Financial Interns

March 2008: 4) 2 Librarians (two years fix terms)
 2 Assistance (two years fix terms)
 5) Municipal Manager
 6) CFO (May 2008)

During this process it became apparent that certain scarce skills are in short supply be it internal or external. Examples of this are: electricians, town planning, financial Management and general technical skills, i.e. water and sewerage, cleansing and roads. In some cases external recruitments were undertaken at great cost to the municipality in order

to ensure that it could maintain delivery. The shortage of certain skills in the marketplace was inhibiting factor.

Restructuring caused the organ grams to be changed from time to time. By its nature an organization as diverse as a municipality has to constantly review its structure in order to ensure that it meets its service delivery objectives. Any changes to the organizational structure will be managed within the confines of the prevailing labour dispensation.

MUNCIPAL MANAGER: - Mr. M.J. Mtubu

S57 SENIOR MANAGER:

INFRASTRUCTURE &

PLANNING: - Vacant

S57 SENIOR COOPERATE

MANAGER - Vacant

S57 SENIOR MANAGER FINANCE – Mrs. NP. Mvandaba

5.5 EMPLOYMENT EQUITY (EE)

During the restructuring process the implementation of EE principles was limited as a result of various collectives' agreements (i.e. Placement) In spite of this the municipality.

The top management of the Municipality is not fully compliant with employment equity standards. Due to the placement process African persons are over represented in the rest of the senior management and thus will be addressed when vacancies occur, subject to the competency of applicants.

No EE policy is in place but cognizance of the demographics of the population is taken into account during the recruitment and selection processes.

Workforce Profile

1. Occupational Categories

Total number of employees (including employees with disabilities) in each of the following occupational categories: Note: A=Africans, C=Colored, I=Indians and W=Whites

Occupational Categories	Male			Female				White Male	Foreign Nationals		Total
	A	C	I	A	C	I	W	W	Male	Fe-Male	
Legislators, senior officials and managers	1	-	-	1	-	-	-	-			2
Professionals											
Technicians and associate professionals		2							1		3
Clerks	2	9		7	4		4				26
Services and sales											
Skills agricultural and fishery workers	-	-	-	-	-	-	-	-	-	-	-
Craft and related trades workers	-	-	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	2	4	-	-	-	-	-	-	-	-	6
Elementary occupations	3	24	-	-	-	-	-	-	-	-	27
TOTAL PERMANENT	8	39	-	8	4	-	4	1			64
None-permanent	5	28	-	-	-	8	-	-	-	1	42

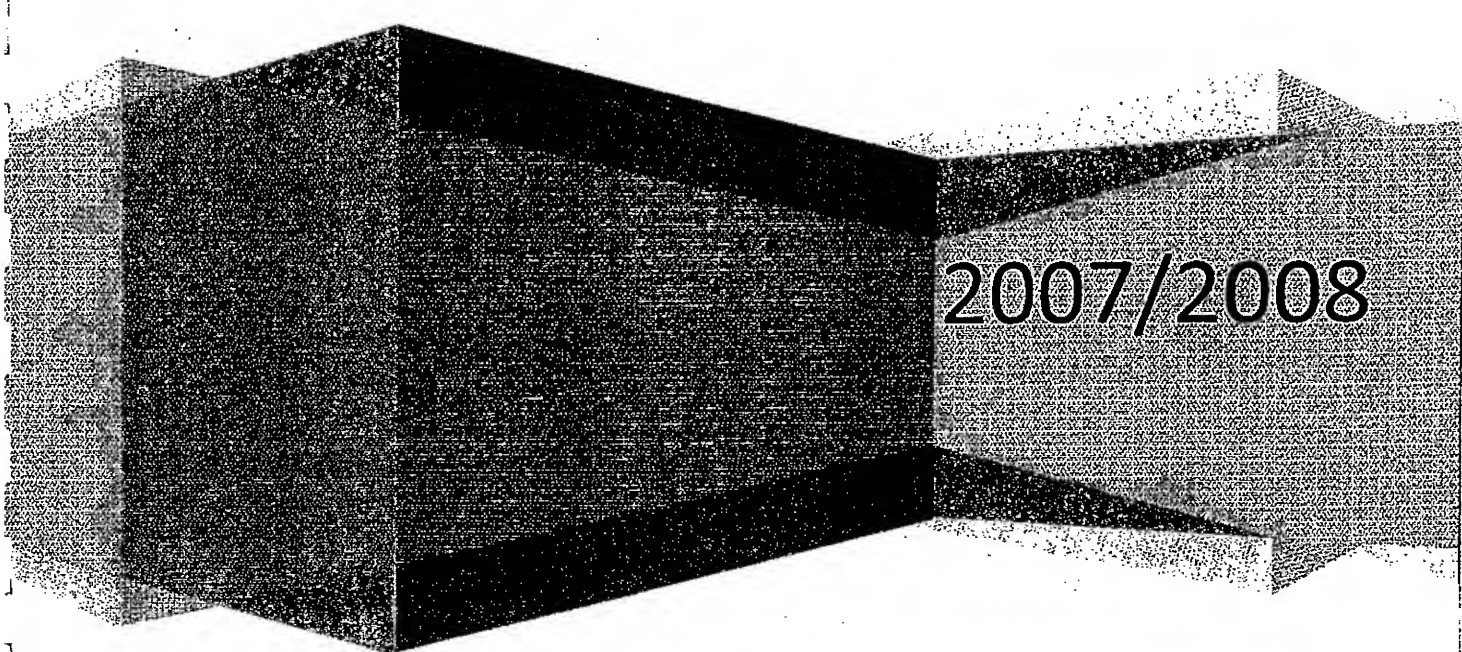
GRAND TOTAL	13	67	-	8	12	-	4	2			106
Occupational Categories	Male			Female				White Male	Foreign Nationals		Total
	A	C	I	A	C	I	W	W	Male	Fe-Male	
Top Management	1	-	-	1	-	-	-	-			2
Professionals											
Technicians and associate professionals		2							1		3
Clerks	2	9		7	4		4				26
Services and sales											
Skills agricultural and fishery workers	-	-	-	-	-	-	-	-	-	-	-
Craft and related trades workers	-	-	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	2	4	-	-	-	-	-	-	-	-	6
Elementary occupations	3	24	-	-	-	-	-	-	-	-	27
TOTAL PERMANENT	8	39	-	8	4	-	4	1			64
None-permanent	5	28	-	-	-	8	-	-	-	1	42
GRAND TOTAL	13	67	-	8	12	-	4	2			106

CHAPTER 6

AUDITED STATEMENTS AND RELATED FINANCIAL INFORMATION

RENOSTERBEG MUNICIPALITY

**ANNUAL FINANCIAL
STATEMENT**



2007/2008

RENOSTERBERG MUNISIPALITEIT/MUNICIPALITY

INHOUDSOPGAWE/INDEX

BLADSY/PAGE

1. Algemene Inligting/General information	1
2. Burgermeester voorwoord/ Mayor's foreword	2
3. Rekeningkundige Beleid/ Accounting policy	3 – 5 6 – 8
2. Verslag van die Hoof Finansële Bestuurder Report of the Chief Financial Officer	9 – 12 13 – 16
4. Balansstaat/Balance Sheet	17
5. Inkomstestaat/Income Statement	18
6. Kontantvloeistaat/Cash Flow Statement	19
7. Aantekeninge tot die Finansiële State/Notes to the financial Statements	20 – 27
8. Aanhangsels/Appendices	
A: Opgehoopte Fondse, Trustfondse, Reserwes en Voorsienings Accumulated Funds, Trust Funds, Reserves and Provisions	28
B: Eksterne Lenings en Interne voorskotte External loans and Internal advances	29
C: Ontleding van Vaste Bates Analysis of Fixed Asstes	30
D: Ontleding van Bedryfsinkomste en Uitgawes Analysis of Operating Income and Expenditure	31
E: Gedetailleerde Inkomstestaat Detailed Income Statement	32
F: Algemene Statistiek General statistic	33

ALGEMENE INLIGTING/GENERAL INFORMATION**LEDE VAN DIE RAAD VAN RENOSTERBERG/MEMBERS OF THE COUNCIL OF RENOSTERBERG****Burgermeester:/Mayor:**

Raadslid/Councillor: AZ Jack

Lede van die Raad:/Members of the Council:

Raadslid/Councillor: M Hoffman
Raadslid/Councillor: H Lakay
Raadslid/Councillor: GA Moolman
Raadslid/Councillor: Z Kwinana
Raadslid/Councillor: H Booysen
Raadslid/Councillor: H Hermanus

Gradering van Plaaslike Owerheid:/Grading of the local Authority:

Graad 1/Grade 1

Ouditeure:/Auditors:

Die Ouditeur – Generaal/Auditor General

Bankiers:/Bankers:

Standard Bank

Geregistreerde Kantoor:/Registered Office:

Skool Street
Petrusville
8770

Posadres:/Postal Address:

Posbus/PO Box 112
PETRUSVILLE
8770

Telefoon:/Telephone: (053) 663 0041

Faks: /Fax: (053) 663 0180

Munisipale Bestuurder/ Municipal Manager:

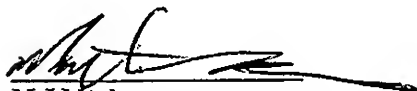
Mnr/Mr M J Mtubu

Hoof Finansiële Beampte/ Chief Financial Officer

Me N P J Mvandaba

Approval of financial statements:

The annual financial statements for the year ended 30 June 2008 set out on pages 3 to 33 were approved by the Municipal Manager on 31 August 2008



M J Mtubu
Munisipale Bestuurder/ Municipal Manager

VOORWOORD VAN BURGERMEESTER

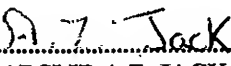
Tariefverhogings wat gedurende die boekjaar geïmplimenteer is, word toegeskryf aan algemene verhogings ten opsigte van die aankoopprys van handelsdienste. Die salarisverhogings wat die boekjaar gemaak is, is volgens voorskrifte van Salga soos onderhandel met die onderskeie vakbonde. Die minimum salarisse soos voorgeskryf deur Salga word reeds vir etlike jare aan voldoen.

Tariefverhogings was minimaal, en dit bring mee dat hierdie Plaaslike Owerheid se gemiddelde diensterekening nog die laagste bly van alle omliggende Munisipaliteite. Die Raad se infrastruktuur is baie oud, en waar moontlik word vervangings jaarliks binne die finansiële vermoë van die Raad gedoen. Genoemde vervangings en instandhouding plaas egter 'n groot las op die finansies van die Raad.

Die Raad sal egter nie sonder die finansiële bydrae van die Sentrale Regering kan voortbestaan nie, maar voel dat genoemde bydrae gekoppel moet word aan prestasies. Hierdie Raad se finansies is baie gesond, danksy die finansiële dissipline van sy amptenare en die Raad. Ons vertrou dat daar op die prestasie voortgebou kan word.

Die maksimum hulpverlening word aan laer besoldigde inwoners gemaak wat meebring dat dienste minimaal by sodanige huishoudings opgeskort word. Probleme word egter ondervind met inwoners wat voldoende besoldigding ontvang, maar traag is om te betaal.

Ten slotte wile ek my dank uitspreek teenoor mede Raadslede, die Bestuurder en personeel vir samewerking en hulpverlening gedurende my dienstermyn.


RAADSLID A.Z. JACK
BURGEMEESTER

REKENINGKUNDIGE BELEID

1. Basis van aanbidding

- 1.1 Hierdie finansiële state is opgestel om te voldoen aan die standaard neergelê deur die Instituut van Munisipale Tesouriers en Rekenmeesters in sy Gebruikskode vir die Rekeningkunde van Plaaslike Owerhede(1992) en die Verslag oor die Standaardisering van die Finansiële State van Plaaslike Owerhede (jongste gewysigde uitgawe).
- 1.2 Die finansiële state word op die historiese kostebasis opgestel en aangepas vir vaste bates, soos uiteengesit in rekeningkundige beleid, item 3. Die rekeningkundige beleid stem ooreen met die van die vorige jaar, behalwe waar anders aangedui.
- 1.3 Die finansiële state word volgens die toevallingsgrondslag opgestel:
- Inkomste word erken wanner dit meetbaar en invorderbaar word. Sekere direkte inkomste soos verkeersboetes en sekere lisensies word erken wanneer dit betaal word.
 - Uitgawe word erken in die jaar waarin dit aangegaan word.

2 Konsolidering

Die balanstaat omsluit Belasting- en Algemene Dienste, Behuisingdienste, Handelsdienste en die verskillende fondse, reserwes en voorsienings. Alle interdepartementele transaksies word teen mekaar verreken, behalwe in die geval van eiendomsbelasting, elektrisiteit, vullisverwydering en water wat as inkomste en uitgawe in die onderskeie departemente behandel word.

3 Vaste Bates

3.1 Vaste bates word getoon:

- teen historiese koste; of
- teen waardasie (gebaseer op die markprys op die datum van verkryging), waar bates deur middel van 'n toekenning of skenking verkry is, terwyl dit bestaan en geskik is vir gebruik, behalwe in die geval van massa-bates wat aan die einde van hul beraamde lewensduur, soos vasgestel deur die tesourier, afgeskryf word.

3.2 Waardevermindering:

Die saldo wat teen die opskrif "Lenings Afgelos en Ander Kapitaalontvangste" in die aantekening tot die balansstaat getoon word, is gelykstaande aan 'n voorsiening vir waardevermindering. Behalwe vir voorskotte uit die verskillende raadsfondse, kan bates ook op die volgende wyse verkry word:

- Toewysings uit inkomste, waar die volle koste van die bate 'n onmiddellike en direkte heffing teen bedryfsinkomste vorm, en dit dus nie nodig is om enige verdere voorsiening vir waardevermindering te maak nie.
- Toekenning of skenking, waar die bedrag wat die waarde van so 'n toekenning of skenking verteenwoordig, onmiddellik na die "Lenings Afgelos en Ander Kapitaalontvangste"-rekening gekrediteer word.

3.3 Die netto opbrengs uit die verkoop van roerende vaste bates word na die Wentelfonds gekrediteer. Indien onroerende bates soos grond en geboue verkoop word, word die netto opbrengs daarvan teen die Wentelfonds gekrediteer.

3.4 Kapitaalbate word uit verskillende bronne gefinansier, insluitend eksterne lenings, bedryfsinkomste en interne voorskotte. Die lenings en voorskotte word terugbetaal binne die beraamde nuttige lewensduur van die bates wat uit sodanige lenings en voorskotte gefinansier word. Rente word teen die heersende rentekoers ten tye van die toestaan van die voorskot teen die betrokke diens gedebiteer.

4 Voorraad

Voorraad word waardeur teen die laagste van koste, vasgestel volgens die gewoegde gemiddelde grondslag, en die netto realiseerbare waarde.

5 Fondse en reserwes

5.1 Wentelfonds

Die Ordonnansie op die Wentelfonds, nr 20 van 1974, vereis dat 'n plaaslike owerheid 'n bydrae van 7.5% van die erfbelasting inkomste van die onmiddellik voorafgaande jaar of die vorige jaar bydrae plus 20% tot die fonds sal maak welke bydrae die kleinste die verpligte bydrae is.

5.2 Leningsdelgingsfonds

Die delging van Eksterne Lenings in die Gekonsolideerde Leningsfonds word voorsien deur die jaarlikse terugbetaling van voorskotte wat aan leendienste gemaak is, bereken volgens die beraamde nuttige lewensduur van die bates aangeskaf, dog onderhewig aan 'n maksimum van 30 jaar op die lewensduur van enige individuele bate. Interne voorskotte word in die verhouding tot die beraamde nuttige lewensduur van 'n bate terugbetaal. Die delging van staatslenings word halfjaarliks op 'n annuïteitgrondslag gedoen.

5.3 Delgingsfonds

Bogenoemde fondse was gestig met die doel om sekere lenings op die aflosdatum ten volle te vereffen en slegs die rente word halfjaarliks betaal.

5.4 Trustfonds

Bogenoemde fondse word gehou vir 'n spesifieke doel en die Raad kan op geen stadium gebruik maak van hierdie fonds vir enige ander gebruik as waarvoor die fonds oorspronklik gestig was nie.

6. Voorsienings

Voorsienings word gestig om verpligtings of gebeurlikhede wat ten tye van die balansstaat bekend is, maar waarvan die betrokke bedrae nie met redelike sekerheid bepaal kan word nie, na te kom. Voorsienings wat 'n vermindering in die waarde van gepaardgaande bedryfsbates verteenwoordig, word in die betrokke aantekeninge direk van die totaal van die betrokke bates afgetrek en dus nie afsonderlik in aantekening 12 getoon nie.

7. Aftreevoordele

Die Raad en sy werknemers dra by tot die Kaapse Gemeenskaplike Pensioenfonds en SALA, terwyl sy raadslede tot die Pensioenfonds vir Raadslede bydra.

Die aftreevoordeleplan is onderhewig aan die Wet op Pensioenfondse, 1956 en pensioene word bereken volgens die laaste pensioendraende vergoeding betaal. Huidige bydraes word teen bedryfsinkomste gehef, gegrond op huidige dienskoste. Ongunstige ondervindingsaanpassings en die koste van die versekering van verhoogde voordele word afgeskryf oor die kleinste van die oorblywende diensydperk van werknemers of vyf jaar. Gunstige ondervindingsaanpassings word in die aftreevoordeleplan behou.

8. Oorskotte en tekorte

Enige oorskotte of tekorte wat uit die bedryf van Elektrisiteits- en Waterdienste voortspruit, word ten volle na Belasting- en Algemene Dienste oorgedra.

9. Behandeling van administratiewe en ander koste

Die koste van interne hulpdienste word, in ooreenstemming met die riglyne in die Instituut se Verslag oor die Rekeningkundige Behandeling (1990), teen die verskillende dienste gedebeiteer.

10. Bruikhuur – bates

Die Raad beskik oor geen bruikhuur – bates nie.

11. Beleggings

Beleggings word teen die laagste van koste of markwaarde getoon indien daar 'n voortdurende afname in waarde is. Beleggings word gedoen ooreenkomstig Omsendbrief nr LG/PB/31/1992 van 28 September 1992 en Omsendbrief C/35/1994 van 13 Julie 1994 soos uitgereik deur Tak Gemeenskapsdienste.

12. Uitgestelde Koste

Die Raad beskik oor geen uitgestelde koste nie.

13. Inkomste-erkenning

13.1 Elektrisiteit en waterheffings

Meters in alle gebiede en op standplase met hoogspanningstoevoer word maandeliks gelees en gefaktureer.

13.2 Eiendomsbelasting

Renosterberg Munisipaliteit maak van 'n gedifferensieerde terreinwaarde-belastingstelsel gebruik. Volgens hierdie stelsel word eiendomsbelasting op die grondwaarde van eiendomme gehef. Die besigheidspersele betaal ook 'n klein heffing vir parkering. Verligting word aan behoeftige en bejaarde eienaars op grond van inkomste en ouderdom gegee.

13.3 Ander inkomste

Die inkomste van dienste soos vullisverwydering en riolering wat deur middel van debiteure verhaal word, word erken wanner sodanige heffings teen die rekenings gedebiteer word. Die inkomste uit ander (kleiner) dienste, lisensies of gelde word erken wanner dit betaal word.

14. Gekonsolideerde Leningsfonds

Die kapitaalhelpbronne van die Gekonsolideerde Leningsfonds bestaan uit beide eksterne en interne lenings. Voorskotte word aan die leendienst toegestaan teen 'n rentekoers gelykstaande aan die koste van die Fonds se kapitaalbehoefte, en word terugbetaal oor die nuttige lewensduur van die bates wat so gefinansier word.

ACCOUNTING POLICIES

1. Basis of presentation

- 1.1 The financial statements have been prepared so as to conform to the standards laid down by the Institute of Municipal Treasurers and Accountants in its Code of Practice (1992) and Report on Published Annual Financial Statements (Second Edition - January 1996).
- 1.2 The financial statements are prepared on the historical cost basis and adjusted for fixed assets, as set out in accounting policy, note 3. The accounting policies are consistent with those applied in the previous year, except where otherwise indicated.
- 1.3 The financial statements are prepared according to the accrual basis:
 - Income is accrued when measurable and available to finance operations. Certain direct income, such as traffic fines and certain licenses, is accrued when received.
 - Expenditure is accrued in the year it is incurred.

2. Consolidation

The financial statements include Rates and General Services, Housing Services, Trading Services and the different funds, reserves and provisions. All interdepartmental transactions are set-off against one another, with the exception of assessment rates, electricity, refuse removal and water, which are treated as income and expenditure in the respective departments.

3. Fixed Assets

- 3.1 Fixed Assets are stated:
 - at historical cost, or
 - at valuation (based on the market price at date of acquisition), where assets have been acquired by grant or donation, while they are in existence and fit for use, except in the case of bulk assets which are written off at the end of their estimated life as determined by the treasurer.
- 3.2 Depreciation:

The balance shown in the heading "Loans Redeemed and Other Capital Receipts" in the notes to the balance sheet is tantamount to a provision for depreciation. Apart from provisions from the various council funds, assets may also be acquired through:

 - Appropriations from income, where the full cost of the asset forms an immediate and direct charge against the operating income and it is therefore unnecessary to make any further provision for depreciation.
 - Grant and donation, where the amount representing the value of such a grant or donation is immediately credited to the "Loans Redeemed and Other Capital Receipts" account.
- 3.3 All net proceeds from the sale of movable property are credited to the revolving fund. Net proceeds from the sale of all fixed assets are credited to the revolving fund.
- 3.4 Fixed assets are financed from different sources, including external loans, operating income, endowments and internal advances. These loans and advances are repaid within the estimated lives of the assets acquired from such loans or advances. Interest is charged to the service concerned at the ruling interest rate applicable at the time that the advance is made.

4. Stock

Stock is valued at the lower of cost, determined on the weighted average basis, and net realisable value.

5. Funds and reserves

5.5 Revolving Fund

The Ordinance on Revolving Funds, no 20 of 1974, requires that a local authority makes a contribution of 7.5% of the rates assessment income for the immediately preceding year or the previous year's contribution plus 20% to the fund, whichever contribution is the smallest of the compulsory contribution.

5.6 Loan redemption fund

The redemption of External Loans in the Consolidated Loan Fund is provided through the annual repayment of advances made to the borrowing services, calculated according to the estimated useful lives of the assets acquired, but still subject to a maximum of 30 years on the life expectancy of any individual asset. Internal loans are repaid proportionately according to the expected useful lives of an asset. The redemption of government loans are done half yearly on an annuity basis.

5.7 Redemption fund

This fund was established with the primary objective of redeeming certain loans in full on the redemption date with only the interest being payable six monthly.

5.8 Trust Funds

The fund was established for a specific purpose. Council may not use these funds for any other purposes.

6. Provisions

Provisions are made to meet liabilities or contingencies, known at the time of the balance sheet, but for which the amounts concerned cannot be estimated with reasonable certainty. Provisions, which represent a reduction in the value of the assets concerned, are in the applicable notes deducted directly from the total of the assets concerned and are not therefore shown separately in note 12.

7. Retirement Benefits

Council and its employees contribute to the Cape Joint Pension Fund and SALA. Councillors contribute to the Pension Fund for Councillors.

The retirement benefit plan is subject to the Pensions Act of 1956 with pensions being calculated on the final pensionable remuneration paid. Current contributions are charged against operating income on the basis of current service cost. Unfavourable experience adjustments and the cost of insurance of increased benefits is written off over the smallest of the remaining service period of employees or five years. Favourable experience adjustments are retained in the retirement benefit plan.

6. Surpluses and deficits

Any surpluses or deficits arising from the operation of electricity and water services are transferred to Rates and General Services.

7. Treatment of administration and other overhead expenses

The cost of internal support is transferred to the different services in accordance with the Institute Report on Accounting for Support Services (1990).

8. Leased assets

The Council does not have any leased assets.

9. Investments

Investments are shown at the lower of cost or market value if a permanent decline in the value occurred. Investments are made in accordance with Circular no LG/PB/31/1992 of 28 September 1992 and Circular no C/35/1994 of 13 July 1994 as issued by Provincial Administration - Community Service Branch.

10. Deferred charges

The council has no deferred charges.

11. Income recognition**13.1 Electricity and water billings**

Meters in all areas and on plots with high voltage supply are read and billed monthly.

13.2 Assessment rates

Renosterberg Municipality applies a differential tariff rating system.. In terms of this system assessment rates are levied on the land value of the property. Businesses also pay a small amount for parking. Discount is given based on conditions relating to age and income.

14.3 Other income

Income from services like refuse removal and sewerage, which are recouped through debtors, are recognised as soon as such services are debited against the accounts. Income from smaller services, licences or monies are recognised when they are paid.

15 Consolidated Loans Fund

The capital resources of the Consolidated Loan Fund consist of both external and internal loans. Advances are made to borrowing departments at an interest rate equal to the cost of the Fund's capital requirements and are repaid over the useful life of the asset acquired.

VERSLAG VAN DIE HOOF FINANSIËLE BESTUURDER

1. Inleiding

Dit is vir my aangenaam om 'n beknopte oorsig oor die afgelope finansiële jaar se bedryfsresultate te gee.

Die 2008 finansiële jaar het 'n bedryftekort van R907 522 gerealiseer. Met inagneming van die jaar se aanwendings het die bedryfsoorskot afgeneem tot R5 326 769. Die grootste komponent van die oorskot is egter vervat in handelsdebiteure en verteenwoordig nie kontant nie.

Debiteure

1.1.1) Handelsdebiteure het toegeneem van R7 614 994 tot R8 848 999, wat 'n toename van 16% beteken. Die voorsiening vir oninbare skuld beloop tans R5 066 136 wat 57% van totale debiteure verteenwoordig.

Bank

Die vorige jaar se oortrokke saldo van R517 490 het toegeneem na 'n batige saldo van R2 670 565.

2. Bedryfsresultate

Inkomste	Werklike 2007	Werklike 2008	Afwyking 2007 teenoor 2006	Begroot 2008	Afwyking Werklike/Begroot
	R	R	%	R	%
Begin oorskot	6,978,307	6,584,940			
Bedryfsinkomste vir die jaar	11,686,256	25,862,875	121.31%	19,618,348	31.83%
Eind Tekort					
Totaal	18,664,563	32,447,815		19,618,348	
Begin oorskot					
Bedryfsuitgawe vir die jaar	11,618,306	26,770,397	130.42%	19,609,014	36.52%
Diverse					
Oodragte	-461,318	-350,649			
Eind oorskot	6,584,940	5,326,769			

2.1 BEDRYFSUITGAWES

As gevolg van die uitstaande debiteure en ook die heersende ekonomiese klimaat was 'n streng beleid op uitgawes toegepas.

Hieronder is 'n uiteensetting van die begrote bedryfsuitgawes teenoor die werklike:

	Salarisse Lone & Toelaes R	Algemene Uitgawes R	Instand- houding R	Kapitaal Onkoste R	Kapitaal uit Inkomste R	Bydraes R
Begroot	8,732,451	7,520,263	703,300	132,000	2,069,000	452,000
Werklike	8,636,205	8,103,581	1,077,429	72,610	8,438,465	442,108
Verskil	96,246	-583,318	-374,129	59,390	-6,369,465	9,892
% (Oor)/Onder	1.10%	-7.76%	-53.20%	44.99%	-307.85%	-100.00%

Die Kapitaal uit inkomste is die versnelde kapitaal program om die agterstande uit te wis. Al hierdie uitgawes word uit skenkings gefinansier.

2.2 Handelsdienste (Elektrisiteit)

Die elektrisiteitsdiens het 'n surplus van R539 524 gerealiseer teenoor 'n begrote surplus van R259 486.

Die waterdiens het met 'n tekort van R195 842 gerealiseer teenoor die begrote surplus R803 867. Hierdie tekort kan hoofsaaklik toegeskryf word aan waterverliese as gevolg van 'n swak pyplyn.

2.3 Behuisingsdienste

Behuisingsdienste het met 'n surplus van R48 547 afgesluit.

2.4 Ekonomiese Dienste*Riool en Vullisverwydering*

Riool en vullisverwydering het met 'n tekort van R1 069 989 afgesluit.

2.5 Belasting en Algemene Dienste

Die drie grootste gebruikers van raadsfondse in hierdie afdeling was Bestuursdienste wat 'n surplus van R1 709 291 gehad het, Algemene uitgawes met 'n tekort van R810 989 en Openbare werke met 'n tekort van R2 766 237.

Belasting en Algemene Dienste

	Werklike 2007 R	Werklike 2008	Afwyking 2007/2008 %	Begroot 2008 R	Afwyking Werklike/begroot %
Inkomste	502,068	807,220	60.78%	753,150	-7.18%
Uitgawe	0	0	#DIV/0!	1	100.00%
Oorskot/(Tekort)	502,068	807,220	60.78%	753,149	-7.18%
Tekort as % van					
totale inkomste	100.00%	100.00%		100.00%	

Behuising

	Werklike 2007 R	Werklike 2008	Afwyking 2007/2008 %	Begroot 2008 R	Afwyking Werklike/begroot %
Inkomste	147,233	48,547	-67.03%	0	0.00%
Uitgawe	293,017	0	-100.00%	0	0.00%
Oorskot/(Tekort)	-145,784	48,547	-133.30%	0	0.00%
Oorskot/(Tekort) as %					
van totale inkomste	-99.02%	100.00%		0.00%	

Handelsdienste

Die aankooppryse van Water en Elektriesiteit word voorskriftelik gedoen vanaf ESKOM asook die privaatwater weens die kontrakte wat bestaan. Elektriesiteit tariewe word deur die NER voorgeskryf.

Hieronder volg opsommings van die bedryfsresultate van die twee Handelsdienste:

Water

	Werklike 2007 R	Werklike 2008	Afwyking 2007/2008 R	Begroot 2008 R	Afwyking Werklike/begroot %
Inkomste	1,776,691	1,643,884	-7.47%	3,138,867	47.63%
Uitgawe	1,517,217	1,839,726	21.26%	1,323,555	-39.00%
Oorskot/(Tekort)	259,473	-195,842	-175.48%	1,815,312	110.79%
Oorskot/(Tekort) as %					
van totale inkomste	14.60%	-11.91%		57.83%	

Elektriesiteit

	Werklike 2007 R	Werklike 2008	Afwyking 2007/2008 R	Begroot 2008 R	Afwyking Werklike/begroot %
Inkomste	3,419,067	3,363,934	-1.61%	2,979,010	-12.92%
Uitgawe	2,553,408	2,824,910	10.63%	2,719,525	-3.88%
Oorskot	865,659	539,024	-37.73%	259,485	-107.73%
Oorskot as % van					
totale inkomste	25.32%	16.02%		8.71%	

3. Kapitaaluitgawes en finansiering

	Werklike 2007/2008 R	Begroot 2007/2008 R	Werklike 2006/2007 R
Meubels en Toerusting	95,266		6,910
Openbare werke	368,662	0	55,938
Voertuie	505,581		
Behuising			50,227
Reiniging en Sanitasie	1,013,190	0	2,293,337
Water	9,125,091	2,029,000	347,446
Totaal	11,107,790	2,029,000	2,753,858

Hulpbronne wat gebruik is om die vaste bates te finansier, was die volgende:

	Werklik 2006/2007 R	Begroot 2006/2007 R	Werklik 2005/2006 R
Skenking	11,107,790	2,029,000	2,753,858
Bydraes uit bedryfsinkomste	0		
Lenings opgeneem			
Totaal	11,107,790	2,029,000	2,753,858

Ingesluit in die boonste bedrag is bates ten bedrae van R2 946 541 wat nie in die vorige jare gekapitaliseer was nie asook 'n regstelling van R49 061 wat te veel gekapitaliseer was.

4. Eksterne Lenings, beleggings en kontant

Op 30 Junie 2008 was daar geen uitstaande eksterne lenings nie (R0. in 2007) en interne lenings R979 524 (R1 012 012 in 2006).

Meer besonderhede aangaande lenings en beleggings word in aantekeninge 4 en 7 en aanhangsel B tot die finansiële state getoon.

n Belegging van R500 000 word as kollaterale sekuriteit vir die raad se oortrokke bankrekening gehou.

5. Buitengewone items

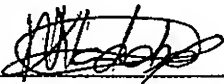
Geen buitengewone items het voorgekom nie.

6. Fondse en Reserwes

Fondse ten bedrae van R4 603 469 is afgeskryf en oorgeplaas na Voorsiening vir Slegte Skuld. Meer besonderhede aangaande fondse en reserwes word in aantekeninge 1 tot 3 en aanhangsel A gegee.

Ter afsluiting wil ek net my bedanking uitspreek teenoor die Raad, Munisipale Bestuurder, Departementshoofde en personeel vir hulle ondersteuning

Dankie


Hoof Finansiële Bestuurder

31/08/08
Datum

REPORT OF THE CHIEF FINANCIAL OFFICER

1. Introduction

It is my pleasure to present an overview of the operating results for the year ended 30 June 2008.

The 2008 financial year generated an operating deficit of R907 522. Taking the year appropriations into account, the nett surplus has decreased to R5 326 769. The largest component of this surplus is however captured in outstanding debtors and does not constitute cash on hand.

Debtors

- 1) Trade debtors increased from R7 614 994 to R8 848 999, an increase of 16%.
The provision for bad debts amounted to R5 066 136 which accounts for 57% of total outstanding debtors.

Bank

The cash in bank from an overdraft of R517 490 to R2 670 565 positive balance.

2. Operating results

Income	Actual 2007	Actual 2008	Variance 2007/2008	Budget 2008	Variance Actual/Budget
	R	R	%	R	%
Opening surplus	6,978,306	6,584,938		0	
Operating income for the year	11,686,256	25,862,875	121.31%	19,618,348	31.83%
Closing deficit					
Total	18,664,562	32,447,813		19,618,348	
Opening deficit					
Operating expenditure for the year	11,618,306	26,770,397	130.42%	19,609,014	36.52%
Sundry transfers	-461,318	-350,649			
Closing surplus	6,584,938	5,326,767		9,334	

2.1 OPERATING EXPENSES

Outstanding debtors, as well as the current economic situation, resulted in stringent control over expenditure. Follow is a summary of budgeted operating expenditure against actual expenditure.

	Salaries wages & allowances	General Expenses	Maintenance	Capital charges	Capital from Income	Contri- butions
	R	R	R	R	R	R
Budget	8,732,451	7,520,263	703,300	132,000	2,069,000	452,000
Actual	8,636,205	8,103,581	1,077,429	72,610	8,438,465	442,108
Difference	96,246	-583,318	-374,129	59,390	-6,369,465	9,892
% (Over)/Under	1.10%	-7.76%	-53.20%	44.99%	-307.85%	-100.00%

2.2 Trading services (Electricity)

The Electricity service has realised a surplus of R539 524 against a budgeted surplus of R259 486. This can be attributed to an overoptimistic income estimate which did not realise.

Water services realised a deficit R195 842 against a budgeted surplus of R803 867. This can also be attributed to water losses as a result of bad pipe lines.

2.3 Housing services

Housing services realised a surplus of R48 547 for the financial year.

2.4 Economic services***Sewerage and refuse***

Sewerage and refuse closed with a loss of R1 069 989.

2.5 Rates and general services

The three largest consumers of council funds in this category were Management services with a surplus of R1 709 291, General expenditure with R810 989 and Public works with a deficit of R2 766 237.

Rates and general services

	Actual 2007 R	Actual 2008 R	Variance 2007/2008 %	Budget 2008 R	Variance Actual/Budget %
Income	502,068	807,220	60.78%	753,150	-7.18%
Expenditure	0	0		1	100.00%
Surplus/(Deficit)	502,068	807,220	60.78%	753,149	-7.18%
Surplus/(Deficit) as % of total income	100.00%	100.00%		100.00%	

Housing

	Actual 2007 R	Actual 2008 R	Variance 2007/2008 %	Budget 2008 R	Variance Actual/Budget %
Income	147,233	48,547	-67.03%	0	0.00%
Expenditure	293,017	0	-100.00%	0	0.00%
Surplus/(Deficit)	-145,784	48,547	-133.30%	0	0.00%
Surplus/(Deficit) as % of total income	-99.02%	100.00%		0.00%	

Trading services

The bulk purchase of water and electricity are regulated by ESCOM, as well as Department of Water Affairs. Electricity tariff are regulated by the NER.

Following is a summary of the operating results of the two trading services:

Water

	Actual 2007 R	Actual 2008 R	Variance 2007/2008 R	Budget 2008 R	Variance Actual/Budget %
Income	1,776,691	1,643,884	-7.47%	3,138,867	47.63%
Expenditure	1,517,217	1,839,726	21.26%	1,323,555	-39.00%
Surplus/(Deficit)	259,473	-195,842	-175.48%	1,815,312	110.79%
Surplus/(Deficit) as % of total income	14.60%	-11.91%		57.83%	

Electricity

	Actual 2007 R	Actual 2008 R	Variance 2007/2008 R	Budget 2008 R	Variance Actual/Budget %
Income	3,419,067	3,363,934	-1.61%	2,979,010	-12.92%
Expenditure	2,553,408	2,824,910	10.63%	2,719,525	-3.88%
Surplus/(Deficit)	865,659	539,024	-37.73%	259,485	-107.73%
Surplus/(Deficit) as % of total income	25.32%	16.02%		8.71%	

3. Capital expenditure and financing

	Actual 2007/2008 R	Budget 2007/2008 R	Actual 2006/2007 R
Furniture and Equipment	95,266	-	6,910
Public Works	368,662	-	55,938
Council vehicles	505,581	-	-
Refuse and Sanitation	1,013,190	-	2,293,337
Water	9,125,091	2,029,000	347,446
Total	11,107,790	2,029,000	2,703,631

Resources used to financed fixed assets are as follow:

	Actual 2007/2008 R	Budget 2007/2008 R	Actual 2005/2006 R
Donations	11,107,790	2,029,000	2,753,858
Contributions from operating income	0	0	-
Loans	0	-	-
Total	11,107,790	2,029,000	2,753,858

Included in the above mentioned amount are assets that were not capatilised in the previous years and an adjustment of R 49 061.

4. External loans, investments and cash

On 30 June 2007 external loans amounted to R Nil (R Nil in 2007) and internal loans amounted to RR979 524 (R1 012 012 in 2007).

More information regarding loans and investments are disclosed in notes (4 and 7) and Appendix B' to the financial statements.

An investment of R500 000 is ceded as collateral for councils bank overdraft.

5. Extraordinary items

There was no extrodinary items.

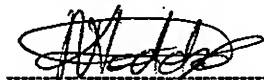
6. Funds and reserves

Funds to the amount of R4 603 469 were written of and transferred to Provision for Bad Debts.

More information regarding funds and reserves are disclosed in notes 1 to 3 and Appendix 'A' to the financial statements.

In conclusion I would like to express my appreciation to the Council, Municipal Manager, Departmental Heads and all other personnel for their support, co-operation and hard work during the past year.

Thank you

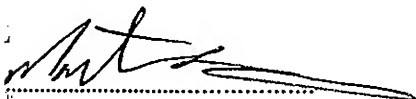


Chief Financial Officer

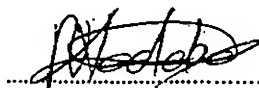
31/08/08
Date

BALANSSTAAT SOOS OP 30 JUNIE 2008
BALANCE SHEET AS AT 30 JUNE 2008

	Aant Note	2007/2008	2006/2007
KAPITAAL AANGEWEND/ CAPITAL EMPLOYED			
FONDSE EN RESERWES/FUNDS AND RESERVES		4,459,433	8,986,122
Statutêre fondse en ander fondse/Statutory and other Funds	1	4,459,433	8,986,122
Reserwes/Reserves	2	-	-
OPGEHOOPTE TEKORT/ACCUMULATED DEFICIT			
ONAANGEWENDE INKOMSTE/RETAINED SURPLUS	18	5,326,769	6,584,940
		9,786,202	15,571,062
TRUSTFONDSE/TRUST FUNDS	3	7,052,268	8,287,679
LANGTERMYN VERPLIGTINGS/LONG-TERM LIABILITIES	4	-	-
VERBRUIKERSDEPOSITO'S/CONSUMER DEPOSITS	5	351,319	309,389
		<u>17,189,789</u>	<u>24,168,130</u>
ANWENDING VAN KAPITAAL EMPLOYMENT OF CAPITAL			
LASTE BATES/FIXED ASSETS	6	979,524	1,012,012
LANGTERMYN BELEGGINGS/INVESTMENTS			
LANGTERMYN DEBITEURE/LONG-TERM DEBTORS	8	-0	39,190
		979,524	1,051,202
NETTO BEDRYFSBATES /(LASTE)/ NET CURRENT ASSETS(LIABILITIES)		16,210,266	23,116,929
BEDRYFSBATES/CURRENT ASSETS		18,052,168	24,796,539
Voorraad/Stock	9	-	-
Debiteure/Debtors	10	5,536,763	8,335,645
Beleggings/ Investments	7	9,819,299	16,402,589
Korttermyn gedeelte van langtermyndebiteure	8	24,101	56,865
Bank		2,670,565	
Kontant/Cash		1,440	1,440
BEDRYFSLASTE/CURRENT LIABILITIES		1,841,902	1,679,610
Krediteure/Creditors	13	1,127,081	882,258
Voorsienings/Provisions	12	714,821	279,862
Lenings/Loans : Korttermyn gedeelte/Short term portion	4	-	-
Bankoortrekking/Bank overdraft		-	517,490
		<u>17,189,790</u>	<u>24,168,131</u>



Munisipale Bestuurder
Municipal Manager



Hoof Finansiële Bestuurder
Chief Financial Officer

INKOMSTESTAAT VIR DIE BOEKJAAR GEËINDIG OP 30 JUNIE 2008
INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

2006/2007 Werklike Inkomste Actual Income R	2006/2007 Werklike Uitgawe Actual Expenditure R	2006/2007 Oorskot/ (Tekort) Surplus/ Deficit R		2007/2008 Werklike Inkomste Actual Income R	2007/2008 Werklike Uitgawe Actual Expenditure R	2007/2008 Oorskot/ (Tekort) Surplus/ Deficit R	2007/2008 Begroting Oorskot /Tekort Budget Surplus/(Deficit) R
6,343,266	7,254,663	-911,397	BELASTING & ALGEMENEDIENSTE/ RATES AND GENERAL SERVICES	20,806,510	22,105,761	-1,299,251	-1,038,913
3,912,986	3,760,699	152,088	Gemeenskapsdienste/Community services	18,997,906	18,347,254	650,652	-1,117,550
8,498	388,797	-380,299	Gesubsidieerde dienste/Subsidised services	124,422	605,850	-481,427	120,737
2,421,781	3,104,967	-683,186	Ekonomiese dienste/Economic services	1,684,182	3,152,657	-1,468,475	-42,100
147,233	293,017	-145,784	BEHUISINGSDIENSTE/HOUSING SERVICES	48,547	0	48,547	-15,104
5,195,757	4,070,625	1,125,132	HANDELSDIENSTE/TRADING SERVICES	5,007,818	4,664,636	343,183	1,063,353
11,686,256	11,618,305	67,951	TOTAAL/TOTAL	25,862,876	26,770,397	-907,522	9,336
		-451,318	Aanwendings vir die jaar/Appropriations for the year			-350,649	
			Netto Oorskot/ (Tekort) vir die jaar				
		-393,367	Net Surplus/(Deficit) for the year			-1,258,171	
			Onaangewende Oorskot /(Opgehoopde Tekort)				
			begin van die jaar				
		6,978,307	Accumulated surplus/(Deficit)			6,584,940	
			beginning of the year				
			ONAANGEWENDE OORSKOT/(TEKORT)				
			EINDE VAN JAAR				
		6,584,940	ACCUMULATED SURPLUS/(DEFICIT)			5,326,769	
			END OF YEAR				

KONTANTVLOEISTAAT VIR-DIE JAAR GEËINDIG OP 30 JUNIE 2008
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Aant Note	2007/2008	2006/2007
KONTANT TERUGGEHOU UIT BEDRYGWIGHED CASH RETAINED FROM OPERATING ACTIVITIES		7,713,995	6,274,302
Kontant deur bedrywighe voortgebring/Cash generated by operations	19	-1,432,451	3,495,548
Beleggingsinkomste/Investment income	17	1,631,205	1,111,436
Verandering in bedryfskapitaal/(Increase)/Decrease in working capital	20	-3,592,549	-1,067,849
		-3,393,795	3,539,135
Lin: Eksterne rente betaal/Less External interest paid	17	-	-
Kontant beskikbaar uit bedrywighe/Cash available from operations		-3,393,795	3,539,135
Kontantbydraes van die publiek en die staat/Cash contributions from public and State		11,107,790	2,735,167
Netto opbrengs uit verkoop van vaste bates/Net proceeds on disposal of fixed assets		-	-
KONTANT GEBRUIK VIR BELEGGINGSBEDRYGWIGHED CASH UTILISED IN INVESTING ACTIVITIES			
Belegging in vaste bates/Investment in Fixed assets		-11,107,790	-2,753,859
NETTO KONTANTVLOEI/NET CASH FLOW		<u>-3,393,795</u>	<u>3,520,443</u>
KONTANTUITWERKING VAN FINANSIERINGSBEDRYGWIGHED CASH EFFECTS OF FINANCIAL ACTIVITIES			
Verandering in langtermynlenings/(Increase)/(Decrease) in long-term loans	21	-	-
Verandering in korttermynlenings/(Increase)/(Decrease) in short-term loans		-	-
Verandering in kontantbeleggings/(Increase)/Decrease in cash investments	22	6,583,290	-5,025,342
Verandering in kontant/(Increase)/Decrease in cash	23	-3,189,495	1,504,899
NETTO KONTANT (VOORTGEBRING)/GEBRUIK/NET CASH (GENERATED)/UTILISED		<u>3,393,795</u>	<u>-3,520,443</u>

AANTEKENINGE TOT DIE FINANSIËLE STATE SOOS OP 30 JUNIE 2008
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

	2007/2008	2006/2007
1. Statutêre fondse en ander fondse:		
Statutory funds and other funds:		
Wentelfonds/Revolving fund	4,459,432	4,382,653
Hondebelasting/Dog Tax	-	11,723
Elek Stabilisasie	-	73,227
Kleurling hernuwingsfonds	-	36,002
Munisipale geboue hernuwingsfonds	-	49,372
Voertuighernuwingsfonds	-	104,012
Elektrisiteitshernuwingsfonds	-	139,878
Waterhernuwingsfonds	-	214,549
Oord hernuwingsfonds	-	120,568
Alg bedryfsfondse	-	3,777,846
Oord algemeen	-	13,013
Belasting algemeen	-	63,279
	<u>4,459,432</u>	<u>8,986,122</u>

(Sien aanhangsel "A" vir meer besonderhede)
 (Refer to appendix "A" for more details)

2. Reserwes:
Reserves:

<u>-</u>	<u>-</u>
----------	----------

(Sien aanhangsel "A" vir meer besonderhede)
 (Refer to appendix "A" for more details)

3. Trustfondse:
Trust funds:

7,052,268	8,287,679
<u>7,052,268</u>	<u>8,287,679</u>

(Sien aanhangsel "A" vir meer besonderhede)
 (Refer to appendix "A" for more details)

AANTEKENINGE TOT DIE FINANSIËLE STATE SOOS OP 30 JUNIE 2008
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

	2007/2008	2006/2007
4. Langtermynverppligtinge Long-term Liabilities		
Staatslenings/Government loans	-	-
Privaat lenings/Private loans	-	-
DBSA	-	-
Min: Onbestede geld/Less: Unspent monies	-	-
Min: Korttermyngedeelte/Less: Short-term portion	-	-
Eksterne Lenings is by verskeie Staats goedgekeurde instansies en van die Staat opgeneem en termyn wissel van 5 tot 30 jaar en rentekoerse van 2% tot 15.85% / External loans were advanced by various Government approved institutions are repayable over periods from 5 to 30 years. They bear interest at rates from 2% to 15.85%.		
Interne lenings word opgeneem uit die Wentelfonds en termyn wissel van 5 tot 25 jaar en rentekoerse van 3% tot 13% / Internal loans are advanced by the Revolving fund and terms fluctuate from 5 to 25 years. Interest rates are between 3% to 13%.		
Geen lenings word deur bates van Renosterberg Munisipaliteit verseker nie. None of the loans are secured by any assets of the Council.		
Sien aanhangsel B vir meer besonderhede. Refer to appendix B for more information.		
5. Verbruikersdeposito's: dienste Consumer Deposits		
Elektrisiteit en water/Electricity and water	<u>351,319</u>	<u>309,389</u>
6. Vaste bates: Fixed Assets		
Vaste bates aan die begin van die jaar/ Fixed Assets at the beginning of the year	19,301,000	16,547,142
Vaste bates gedurende die jaar aangeskaf of ontvang/ Fixed Assets acquired during the year	11,107,790	2,753,859
Min: Bates gedurende die jaar afgeskryf, oorgeplaas of mee weggedoen/ Less: Fixed Assets written off, transferred or sold	<u>49,061</u>	<u>-</u>
Totale Vaste bates/Total fixed assets	30,359,728	19,301,001
Min: Lenings gedelg en ander kapitaalontvangstes Less: Loans redeemed and other capital receipts	<u>-29,380,204</u>	<u>-18,288,989</u>
Netto Vaste Bates/Net Fixed Assets	<u>979,524</u>	<u>1,012,012</u>
Sien aanhangsel C vir meer besonderhede. Refer to Appendix C for more information.		

AANTEKENINGE TOT DIE FINANSIËLE STATE SOOS OP 30 JUNIE 2008
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

2007/2008

2006/2007

7. Beleggings
Investments

Ongenoteerde beleggings teen bestuur se waardasie:
Unlisted investments at management valuation:

Beleggings - Algemeen/Investments - General

9,819,299

16,402,589

9,819,29916,402,589

Gemiddelde opbrengskoeers op Beleggings (Bruto)
Average gross rate of return on investments

6.50%

6.50%

Omsendbrief nr C35/1994 gedateer 13/07/1994 wat deur Tak Gemeenskapsdienste uitgereik is, vereis van Plaaslike Owerhede om fondse wat nie onmiddelik benodig word nie, by voorgeskrywe instellings te belê. Die beleggingstydperke moet sodanig wees dat dit nie nodig sal wees om geld teen 'n boete rentekoeers te leen ten einde verpligtinge na te kom nie.

Circular no C.35 of 1994 Issued by Provincial Administration - Community Service Branch, requires local authorities to invest funds, which are not immediately required, with prescribed institutions and the period should be such that it will not be necessary to borrow funds against the investment at a penalty rate to meet commitments

Die oortrokke bankrekening word versaker deur bogenoemde beleggings en word vanweë die finansiële posisie van die Raad as langtermyn-aard geklassifiseer.
The above investments were ceded to secure the bank overdraft and are classified as long-term because of the financial situation of the Council.

8. Langtermyndebiteure:
Long-term debtors

W Du Toit
D White
E Hugo
J v/d berg

0

29,022

9,710

21,786

10,719

21,552

3,67223,696

24,101

96,055

-24,101-56,865

0

39,190

Min: Korttermyngedeelte/Less: Short-term portion

9. Voorraad:
Stock:

Voorraad word waardeur soos in aantekening 4 van die rekeningkundige beleid uiteengesit.
Stock are valued as stated per note 4 of the accounting policies.

10. Debiteure:
Debtors

Debiteure (Verbruikers)/Debtors(Consumers)

- Water
- Elektriesiteit/Elektrisiteit
- Sewerage/Riool
- Refuse/Vullis verwydering
- Property Tax/ Erf Belasting

Current	30 Days	60 Days	90 Days
69,170	896,655	145,321	1,823,856
94,735	71,134	43,395	626,818
50,958	25,628	25,110	1,402,578
29,949	13,978	13,343	848,075
155,287	121,121	129,474	718,300

Total

8,848,999

7,614,994

3,316,818

2,895,457

1,580,415

1,324,710

1,643,645

1,424,597

1,048,920

897,059

1,259,2021,073,171

-5,066,136

-22,687

3,782,8637,592,327

Min: Voorsiening vir slegte skulde/Less: Provision for bad debts

Diverse Debiteure
Waterbesikbaarheidsgelede
Elektriesiteitsbesikbaarheidsgelede
Rioolbesikbaarheid
Mun geboue Keurtjieskloof
Munisipale geboue
Diverse debiteure
Deposito Brandstof
Behuising keurtjieskloof
Behuising Van Der Kloof
Bouklousule
Oorskrydings
SA Inkomstediens - BTW

57,168

60,336

82,525

77,838

50,602

51,915

3,118

2,146

149,322

150,228

771,589

279,569

750

750

28,825

28,564

25,909

11,579

75,728

60,086

0

50

510,365

20,259

5,536,7638,335,645

AANTEKENINGE TOT DIE FINANSIËLE STATE SOOS OP 30 JUNIE 2008
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

	2007/2008	2006/2007
11. Uitgestelde Koste:		
Deferred charges:		
Geen uitgestelde koste vir die jaar nie.	-	-
No deferred charges for the year	-	-
12. Voorsienings:		
Provisions:		
Voorsiening vir ouditgelde/Provision for Audit	680,000	-
Verlofvoorsienings/Leave reserve	34,821	279,862
	<u>714,821</u>	<u>279,862</u>
13. Krediteure:		
Creditors:		
Handelskrediteure/Trade Creditors	860,458	520,384
Deposito's	2,488	2,488
Dienste geld vooruitbetaal		95,251
Salariskrediteure/Salary Creditors	46,003	46,003
Kontant Afwag/Cash Suspense	218,133	218,133
	<u>1,127,082</u>	<u>882,258</u>
14 Eiendomsbelasting:		
Assessment Rates:		
	Grond Waardasie/ Land Valuation on 2001/07/01	Werklike Inkomste Actual Income 2007/2008
		Werklike Inkomste Actual Income 2006/2007
Belasbare Eiendom/Taxable Property	49,402,900	807,220
Nie Belasbare Eiendom Rente/Non-taxable property	2,898,353	502,068
Gemiddelde waarde per R1/Average value per R1	0.0300	0.0100

Die waardering van grond vind elke 4 jaar plaas en die algemene skatting het op 1 Julie 1996 in werking getree. Die koers was 0.90c in die Rand op die waarde van verbeteringe. 'n Kortling van 20% is aan staatsdepartemente toegestaan.

The valuation of land is performed every ten years and the general estimates came into effect on 1 July 1996. The basic rate was 0.96c in the Rand on the value of improvements. A rebate of 20% was granted to government departments.

AANTEKENINGE TOT DIE FINANSIËLE STATE SOOS OP 30 JUNIE 2008
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

	2007/2008	2006/2007
15 Raadslede se Toelaes: Councillors' Allowances:		
Burgemeester se Toelaai/Mayor's allowance	319,240	48,447
Raadslede se Toelaai/Councillor's allowance	595,927	169,095
Pensioenbydrae van Raadslede/Pension contribution Councillors	-	-
Mediese fondsbydrae/Medical Aid contribution Councillors	-	-
	<u>915,168</u>	<u>217,542</u>
Bestuurders se Vergoeding/ Managers' Remuneration		
Munisipale Bestuurder tot 30 November 2007	354,045	415,117
Munisipale Bestuurder vanaf 1 Maart 2008	230,000	-
Finansiële Bestuurder tot 30 November 2007	366,861	373,152
Finansiële Bestuurder vanaf 1 Junie 2008	35,611	-
	<u>986,517</u>	<u>788,269</u>
16 Ouditeursvergoeding: Auditors' Remuneration:		
Ouditgekke/Audit fees	<u>680,000</u>	<u>133,355</u>
17 Finansieringstransaksies: Financial transactions:		
Totale eksterne rente verdien of betaal/ Total external interest earned or paid		
Rente verdien: Beleggings en debiteure Interest earned: Investments and debtors	1,631,205	1,111,436
Rente betaal/Interest paid	<u>-</u>	<u>-</u>
	<u>1,631,205</u>	<u>1,111,436</u>
Kapitaalkoste teen bedryfsrekening gedebiteer Capital charges debited to operating account		
Rente: Eksterne/Interest: External	-	-
Rente: Intern/Interest: Internal	40,123	41,593
Delging: Eksterne/Redemption: External	-	-
Delging: Intern/Redemption: Internal	32,487	38,984
Plus Delging: Delgingsfonds/Plus Redemption: Redemption fund	<u>-</u>	<u>-</u>
	<u>72,610</u>	<u>80,577</u>
18 Aanwendings Appropriations:		
Aanwendingsrekening/Appropriations		
Onaangewende oorskot aan die begin van die jaar/ Accumulated surplus at the beginning of the year	6,584,940	6,978,307
Surplus/ (Tekort) vir die jaar/Surplus/(Deficit) for the year	-907,522	67,951
Aansuiwerings van vorige jaar/Prior year adjustments	-350,649	(461,318)
	<u>(1,258,171)</u>	<u>(393,367)</u>
Regstellings - krediteure/Correction - creditors	(640,425)	80,145
Trustfondse afgeskryf/Trust funds written off	1,145,254	-
Voorsiening vir Slegte Skuld	(1,145,254)	-
Vorige jare BTW/Previous years VAT	-	(593,515)
Vorige jaar Wentelfonds rente	(32,116)	42,837
BTW regstelling/VAT correction	-	24,551
Regstellings - kasboek/Correction - cashbook	(6,300)	(15,336)
Verouderde Tjeks terug geskryf	328,192	-
	<u>5,326,769</u>	<u>6,584,940</u>
Bedryfsrekening/Operating account		
Kapitaala uitgawe/Capital expenditure	-	-
Bydrae: Wentelfonds/Contributions: Revolving fund	32,116	47,208
Bydrae: Verlofreserwefonds/Contribution: Leave reserve	0	-
Bydraes: Ander	409,992	-
	<u>442,108</u>	<u>47,208</u>

AANTEKENINGE TOT DIE FINANSIËLE STATE SOOS OP 30 JUNIE 2008
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

	2007/2008	2006/2007
19 Kontant deur bedrywighede voortgebring Cash generated by operations:		
(Tekort) / Oorskot vir die jaar/(Deficit)/Surplus for the year	-907,522	67,951
Aansuiwerings tov. vorige jare se bedryfstransaksies/ Adjustments in respect of previous years	-350,649	(461,318)
Aanwendings teen Inkomste gedebiteer:/ Appropriations charged against income	16,327,379	65,900
Kapitaaluitgawe/Capital expenditure	32,116	47,208
Wentelfonds/Revolving fund	16,295,263	-
Voorsienings en reserwes/Provisions and reserves	0	18,692
Vaste bates/Fixed Assets		
Kapitaal Uitgawes/Capital Expenditure	-16,501,659	3,823,015
Rente Betaal:/Interest Paid:		
Interne Fondse/Internal Funds	40,123	41,593
Eksterne Lenings/External loans	-	-
Delging Betaal/Redemption paid		
Interne Fondse/Internal Funds	32,487	38,984
Eksterne Lenings/External loans	-	-
Nie bedryfsinkomste uit fondse/Non-operating income from funds	0	8,768,754
Nie Bedryfsuitgawes/Non-operating expenditure	81,446	-93,174
Fondse Gedebiteer/Funds debited		
Voorsienings en Reserwe Gedebiteer/Provisions and reserves debited	-16,655,715	-4,933,142
	<u>-1,432,451</u>	<u>3,495,548</u>
 20. (Toename) / Afname in Bedryfskapitaal (Increase) /Decrease in working capital		
(Toename) / Afname in Voorraad/(Increase)/Decrease in stock	-	-
(Toename) / Afname in Debiteure/(Increase)/Decrease in Debtors	-2,870,836	-585,159
Toename / (Afname) in Krediteure/Increase/(Decrease) in Creditors	-721,712	-482,689
	<u>-3,592,549</u>	<u>-1,067,848</u>
 21. Toename / (Afname) in Langtermynlenings (Ekstern) Increase/(Decrease) in long-term loans (External)		
Lenings opgeneem /Loans raised	-	-
Min: Lenings terugbetaal /Less: Loans repaid	-	-

AANTEKENINGE TOT DIE FINANSIËLE STATE SOOS OP 30 JUNIE 2008
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

	2007/2008	2006/2007
22 (Toename) / Afname in Eksterne Kontantbeleggings (Increase) / Decrease in external Investments		
Beleggings gemaak/Investments made	6,583,290	5,025,342
Beleggings gerealiseer/Investments realised	<u>6,583,290</u>	<u>5,025,342</u>
23 (Toename) / Afname in kontant voorhande (Increase) / Decrease in cash on hand		
Banksaldo - Begin van die jaar:/ Cash and Bank balance at beginning of year	-517,490	988,849
Min: Saldo aan die einde van die jaar:/ Less: Cash balances at the end of the year	<u>2,672,005</u>	<u>-516,050</u>
	<u>-3,189,495</u>	<u>1,504,899</u>
24 Aftreevoordele Retirement Benefits		
Die amptenare behoort aan die Sala, Kaapse Gemeenskaplike Pensioen en Aftreefondse, en die Raadslede aan die Kaapse Gemeenskaplike Pensioen en Aftreefonds. Die aktuariële waarde kan by navraag voorgele word. The officials are members of the Cape Joint Pension Fund, Imatu and SAMWU. The actuarial valuation can be provided on request.		
25 Voorwaardelike aanspreeklikheid en Kontraktuele verpligtings Contingent liabilities and contractual obligations		
Die Raad het geen kontraktuele verpligtinge nie. The Council has no contingent liabilities.		
26 Kapitaalverpligtings/ Capital commitments		
Verpligtings ten opsigte van kapitaaluitgawe:/ Commitments in respect of capital expenditure:		
- Goedgekeur en gekontrakteer/Approved and contracted	-	-
- Goedgekeur maar nog nie gekontrakteer/Approved but not contracted	<u>-</u>	<u>-</u>
Hierdie uitgawe sal uit die volgende gefinansier word:/ This expenses will be financed from:		
- Interne bronne/Internal sources	-	-
- Eksterne bronne/External sources	<u>-</u>	<u>-</u>

AANTEKENINGE TOT DIE FINANSIËLE STATE SOOS OP 30 JUNIE 2008
NOTES TO THE FINANCIAL STATEMENTS AT 30 JUNE 2008

	2007/2008	2006/2007
27. Wentelfonds/ Revolving Fund		
Uitstaande voorskote aan leendienste/ Outstanding advances to borrowing services		
Opgehoopte fonds /Accumulated Funds	4,459,432	4,382,653
Min: Interne voorskotte aan leendienste Less: Internal advances to borrowing services	1,012,012	1,050,996
Min: Motorlenings/Less: Motorloans	24,101	96,055
Min: Beleggings/Less: Investments	3,423,320	3,235,602
	<u>-</u>	<u>-</u>

(Verwys na Aanhangsel B vir meer besonderhede)
 (Refer to appendix B for more details)

AANHANGSEL A/APPENDIX A

Opgehoopte Fondse, Trustfondse, Reserwes en Voorsienings
Accumulated Funds, Trust funds, Reserves and Provisions

	Saldo op/ Balance at 2007/06/30	Bydraes Gedurende die jaar/ Contributions during the year	Rente op beleggings/ Interest on investments	Ander Inkomste/ Other Income	Uitgawes gedurende die jaar Expenditure during the year	Saldo op/ Balance at 2008/06/30
	R	R	R	R	R	R
Opgehoopte en ander Fondse/Accumulated and Other Funds:						
rentelfonds/Revolving fund	4,382,653	32,116	44,663	-	-	4,459,432
ondebelaasting/Dog Tax	11,723	-	-	-	11,723	-
ek Stabilisasie	73,227	-	-	-	73,227	-
eurling hernuwingsfonds	36,002	-	-	-	36,002	-
munisipale geboue hernuwingsfonds	49,372	-	-	-	49,372	-
oertuighernuwingsfonds	104,012	-	-	-	104,012	-
lektrisiteitshernuwingsfonds	139,878	-	-	-	139,878	-
waterhernuwingsfonds	214,549	-	-	-	214,549	-
ord hernuwingsfonds	120,568	-	-	-	120,568	-
ig bedryfsfondse	3,777,846	-	-	-	3,777,846	-
ord algemeen	13,013	-	-	-	13,013	-
elasting algemeen	63,279	-	-	-	63,279	-
	8,986,122	32,116	44,663	-	4,603,469	4,459,432
Trustfondse/Trust Funds						
wateropleiding	98,683	-	-	-	-	98,683
eurling Sportgeriewe	1,458	-	-	-	-	1,458
roogtehelp	3,778,956	2,149,562	-	-	4,705,655	1,222,864
IG Trustfondse	2,454,172	7,188,231	-	-	5,836,675	3,805,728
ISIG Trustfondse	980,561	734,000	-	-	1,191,385	523,177
PWP Trustfondse	22,724	-	-	-	-	22,724
MG Trustfondse	499,104	500,000	-	-	73,490	925,614
WAF Trustfondse	451,048	-	-	-	-	451,048
ehuisings Trustfondse	973	-	-	-	-	973
	8,287,679	10,571,794	-	-	11,807,204	7,052,268
Voorsienings/Provisions:						
erloffvoorsiening/Leave provision	279,862	-	-	-	245,041	34,821
voorsiening vir ouditgelde/Provision for audit	-	680,000	-	-	-	680,000
voorsiening vir slegte skuld/Provisions for bad debts	22,667	5,043,469	-	-	-	5,066,136
	302,529	5,723,469	-	-	245,041	5,780,957
	17,576,330	16,327,379	44,663	-	16,655,715	17,292,658

AANHANGSEL C/APPENDIX C
ONTLEDING VAN VASTE BATES/ANALYSIS OF FIXED ASSETS

	Uitgawe Expenditure 2006/2007	Begroef Budget 2007/2008	Saldo Balance 1/07/2007	Uitgawe Expenditure 2007/2008	Afgekyf/ Oorgeplaas Written off/ transferred	Saldo Balance 30/06/2008
Beleëting en Algemene Dienste/ Rates and General Services	203,542	-	8,462,156	463,928	49,061	8,877,023
Gemeenskapsdiens/Community Services	62,848	-	297,116	463,928	-	761,044
Meubels en Toerusting/Furniture and equipment	6,910	-	132,641	95,266	-	227,907
Rollaai	-	-	11,388	-	-	11,388
Voertuie/Vehicles	-	-	32,396	-	-	32,396
Grond en Geboue	-	-	60,361	-	-	60,361
Burg B toerusting	-	-	4,392	-	-	4,392
Openbare Werke	55,938	-	55,938	368,662	-	424,600
Gesubsidieerde dienste/Subsidised services	-	-	6,421,326	-	-	6,421,326
Biblioteek	-	-	581	-	-	581
Park en geboue	-	-	6,369,545	-	-	6,369,545
Park, voertuie en warespreiding	-	-	1,200	-	-	1,200
Openbare gesondheid	-	-	50,000	-	-	50,000
Ekonomiese dienste/Economic services	140,694	-	1,743,714	-	49,061	1,694,653
Geboue	-	-	688,520	-	-	688,520
Reiniging	140,694	-	1,055,194	-	49,061	1,006,133
Behuisingdienste/Housing services	50,227	-	862,851	-	-	862,851
Ekonomiese Behuising/Economic Housing	50,227	-	862,851	-	-	862,851
Handeldienste/Trading services	2,500,089	-	9,975,993	10,643,861	-	20,619,854
Voertuie	-	-	9,975,993	10,643,861	-	20,619,854
Roodpypdiëling	-	-	508,412	505,581	-	1,013,993
Reiniging & Sanitasie	2,152,643	-	300,107	-	-	300,107
Onspanningsoord ¹	-	-	2,900,702	1,013,190	-	3,913,892
Water	347,446	-	1,500,811	-	-	1,500,811
Elektrisiteit/Electricity	-	-	2,965,822	9,125,091	-	12,090,913
TOTALE VASTE BATES	2,753,858	-	19,301,000	11,107,790	49,061	30,359,728
TOTAL FIXED ASSETS	2,753,858	-	19,301,000	11,107,790	49,061	30,359,728
Lenings afgelos en ander kapitaalontvangste/ Loans redeemed and advances paid back	-2,792,843	-	-18,288,989	-11,140,276	49,061	-29,380,204
Lenings gedeel en voorskotte terugbetaal/ Loans redeemed and advances paid back	-38,984	-	-2,973,897	-11,140,276	49,061	-29,380,204
Bydraes uit bedryfsinkomste/Contributions ex operating income	-18,692	-	-3,053,982	-32,487	-	-3,086,384
Voorsiening en reserve/Provisions and reserves	-	-	-	-	-	-3,053,982
Lenings afgelos	-2,755,167	-	-12,261,110	-11,107,790	49,061	-23,319,938
Skenking en subsidies/Grants and subsidies	-	-	-	-	-	-
Netto Vaste Bates/Net Fixed Assets	-38,984	-	1,012,011	-32,487	-	979,524

AANHANGSEL D/APPENDIX D

Ontleding van Bedryfsinkomste en -Uitgawe vir die jaar geëindig 30 Junie 2007
Analysis of Operating Income and -Expenditure for the year ended 30 June 2008

Werklik Actual 2006 R		Werklik Actual 2007/2008 R	Begroot Budgeted 2007/2008 R
Inkomste/Income			
	Staat en Provinsiale hulptoelaes en Subsidies/		
5,822,065	Government and Provincial grants	15,746,169	8,433,000
8,501,747	Bedryfs inkomste/Operating Income	6,671,697	6,961,920
502,068	Eiendomsbelasting/Rates	807,220	750,385
1,776,691	Verkoop van water/Sale of water	1,643,884	2,127,422
3,419,067	Verkoop van elektrisiteit/Sale of electricity	3,363,934	2,979,010
2,803,922	Ander dienste /Other services	856,659	1,105,103
51,581	Rente verdien	1,586,542	500,000
46,030	Ander inkomste	1,858,466	3,723,428
<u>14,421,423</u>		<u>25,862,875</u>	<u>19,618,348</u>
Uitgawes/Expenditure			
6,170,251	Salarisse, lone en toelaes/Salaries, wages and allowances	8,636,205	8,732,451
5,039,084	Algemene onkoste/General expenses	8,103,581	7,520,263
1,581,678	- Aankoop van elektrisiteit/bulk electricity	1,721,710	0
391,324	- Aankoop van water/bulk water	686,273	2,652,800
3,066,082	- Ander algemene onkoste/Other general expenditure	5,695,598	4,867,463
260,457	Herstel en Onderhoudswerke/Repairs and maintenance	1,077,429	703,300
82,614	Kapitaaloonkoste/Capital charges	72,610	132,000
2,753,859	Bydraes tot vaste bates/Contributions to fixed assets	8,438,465	2,069,000
47,208	Bydraes tot Fondse Reserwes en Voorsienings/Contributions	442,108	452,000
<u>14,353,472</u>	Bruto Uitgawe/Gross Expenditure	<u>26,770,397</u>	<u>19,609,014</u>

AANHANGSEL/APPENDIX E
GEDETAILEERDE INKOMSTESTAAT VIR DIE JAAR GEËINDIG 30 JUNIE 2008
DETAILED INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Werklike Inkomste Actual Income 2006/2007 R	Werklike uitgawe Actual expenditure 2006/2007 R	Oorskot/(Tekort) Surplus/(Deficit) 2006/2007 R	Belasting en algemene dienste Rates and general services	Werklike Inkomste Actual Income 2007/2008 R	Werklike uitgawe Actual expenditure 2007/2008 R	Oorskot/(Tekort) Surplus/(Deficit) 2007/2008 R	Beigroot Oorskot/ (Tekort) 07/08 Budget Surplus/ (Deficit) 07/08 R
	6,343,266	7,254,663	-911,397		20,806,510	22,105,761	-1,299,251	-1,038,913
	3,912,966	3,760,999	152,068	Gemeenskapsdienste/Community Services	18,997,928	18,347,254	650,652	-1,117,550
	502,068		502,068	Elkomsbelasting/Assessment rates	807,220	807,220	807,220	750,385
	71,950	132,618	-60,668	Administrasie/Administration	75,514	172,832	-97,319	-810,989
	-	647,829	-647,829	Algemene Uitgawe/General Expenses	-	1,309,403	-1,309,403	-
	-	-	-	Hulpgoelae en skenkings verkeer	-	-	-	0
	3,327,819	2,812,800	715,019	Geonheidsdienste	17,970,557	6,891,864	11,078,694	1,709,281
	-	-	-	Bestuursdienste	-	-	-	-
	11,149	387,652	-356,503	Stadsklerk	144,615	8,973,155	-8,828,540	-2,768,237
	-	-	-	Brandweer	-	-	-	-
	-	-	-	Openbare werke	-	-	-	-
	8,488	388,797	-380,299	Gasubsideernde Dienste/Subsidised Services	124,422	605,850	-481,427	120,737
	2,058	106,343	-104,285	Openbare Biblioteek/Public Library	116,447	222,031	-105,583	186,361
	6,440	282,454	-276,014	Parke en ontspanning	7,975	383,819	-375,844	-65,624
	-	-	-	-	-	-	-	-
	2,421,781	3,104,997	-683,186	Ekonomiese Dienste/Economic Services	1,684,182	3,152,657	-1,468,475	-42,100
	1,478,555	2,108,215	-631,660	Riool/Sewerage	856,659	1,929,648	-1,069,989	-359,245
	944,864	986,586	-51,722	Oord	827,101	1,225,309	-398,208	317,145
	363	166	198	Verkeer en lisensies	422	700	-278	0
	147,233	293,017	-145,784	Behuisingediens/Housing services	48,547	0	48,547	-15,104
	5,195,787	4,070,625	1,125,132	Handelsdienste/Trading Services	5,007,818	4,684,636	343,183	1,053,353
	1,776,691	1,517,217	259,473	Water	1,843,884	1,839,726	-4,158	803,887
	3,419,067	2,553,408	865,659	Elektrisiteit/Electricity	3,363,934	2,824,910	539,024	259,488
	11,688,256	11,618,308	67,951	Totaal/Total	25,882,875	26,770,397	-607,522	9,336
			-451,318	Aanwending vir jaar (Verwys na aantekening 18)			-350,649	
			-393,367	Appropriations for the year (Refer to note 18)			-1,258,171	
			6,878,307	Netto oorskot/(tekort) vir die jaar			6,584,940	
				Net surplus/(deficit) for the year				
				Opgehoopde oorskot/(opgehoopde tekort) aan die begin van die jaar				
				Accumulated surplus/(deficit) at the beginning of the year				
				Opgehoopde oorskot/(opgehoopde tekort) aan die einde van die jaar				
				Accumulated surplus/(deficit) at the end of the year				

AANHANGSEL F/APPENDIX F

2006/2007 2005/2006

Algemene statistiek/General statistic

Bevolking/Population	9842	9842
Aantal geregistreerde kiesers/Registered voters	5905	5905
Oppervlakte (km)	553000ha	553000ha
Totale waardasies/Valuations		
- Belasbaar /Taxable (R'000)	49,402,900	49,402,900
- Nie - belasbaar/Non-taxable (R'000)	2,898,353	2,898,353
- Residensieel/Residential (R'000)		
- Kommersieel/Commercial (R'000)		
Vaarderingsdatum/Valuation date: 1 Julie 1994		
Aantal persele/Number of erven:	9,654	9,654
- Residensieel /Residential		
- Kommersieel /Commercial		
Landomsbelastingkoers/Assessment rate		
- Grond (per rand)	0.02c/R	0.02c/R
- Verbeterings	0.009c/R	0.009c/R
Korting: Staat/Discount: Government	20%	20%
Aantal werknemers/Number of employees	63	63

Elektrisiteitstatistiek

Eenhede (kWh) aangekoop ('000)/Units (kWh) purchased	7,142,121	7,142,121
Eenhede (kWh) verkoop ('000)/Units (kWh) sold ('000)	6,433,444	6,433,444
Eenhede (kWh) verlore gegaan met verspeiding/	708,677	708,677
Unit (kWh) lost with distribution		
Persentasie verlies met verspreiding/Presentation loss	9.92%	9.92%

Waterstatistiek

Kl gekoop/Kl purchased	914274	914274
Min water gbruik vir terugwas suiwering	92022	92022
Kl verkoop/Kl sold	698,299	698,299
Kl verlore gegaan met verspreiding/Kl distribution loss	123953	123953
Persentasie verlies met verspreiding/Presentation loss	15.07%	15.07%



AUDITOR - GENERAL



Accountability

Integrity

Independence

Impartiality

**REPORT OF THE AUDITOR-GENERAL
TO THE
NORTHERN CAPE
PROVINCIAL LEGISLATURE
ON THE FINANCIAL STATEMENTS AND
PERFORMANCE INFORMATION OF
RENOSTERBERG MUNICIPALITY
FOR THE YEAR ENDED
30 JUNE 2008**

**RENOSTERBERG
MUNICIPALITY**

2008 -12- 08

REGISTRY

**REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL
LEGISLATURE AND THE COUNCIL ON THE FINANCIAL STATEMENTS AND
PERFORMANCE INFORMATION OF RENOSTERBERG MUNICIPALITY FOR THE
YEAR ENDED 30 JUNE 2008**

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I was engaged to audit the accompanying financial statements of the Renosterberg Municipality which comprise the balance sheet as at 30 June 2008, income statement and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 17 to 27.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the entity-specific basis of accounting, as set out in accounting policy note 1 and in the manner required by the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) and the Division of Revenue Act, 2007 (Act No. 1 of 2007) (DoRA). This responsibility includes:
 - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
 - selecting and applying appropriate accounting policies
 - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Because of the matters discussed in the Basis for disclaimer of opinion paragraphs, however, I was not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis of accounting

4. The municipality's policy is to prepare financial statements on the entity-specific basis of accounting, as set out in accounting policy note 1.

Basis for disclaimer of opinion

Revenue

5. The completeness and occurrence of rates income disclosed as R807 220 could not be confirmed as one of the valuation rolls could not be submitted. Rates were levied on properties to the value of R2 525 388 captured on the system. The value of these properties was not included in the valuation roll. Properties were identified on which no rates were levied. The limitation of scope imposed by the missing documentation did not allow us to perform alternative tests to obtain assurance on this class of transactions.
6. The accuracy, completeness and occurrence of service income disclosed as R5 864 477 could not be confirmed. Not all service income was accurately billed and recorded. Service income was not levied for all consumers and not all consumer statements could be submitted for audit purposes. Due to weaknesses in the accounting system, we were unable to perform any alternative procedures.
7. The completeness, accuracy and occurrence of other income disclosed as R1 858 466 could not be confirmed due to a lack of supporting documentation and audit trail. Due to weaknesses in the accounting system, we were unable to perform alternative procedures.
8. The completeness and occurrence of grants and subsidies disclosed as R15 746 169 could not be confirmed due to a lack of reconciliations between the amount received, allocated amount (R19 243 000) and amount disclosed.
9. The accuracy, classification and occurrence of credit adjustments to income amounting to R1 799 103 could not be confirmed as journals were not adequately supported. The debit adjustment of the journals could not be determined by performing alternative procedures.
10. The completeness and accuracy of interest received disclosed as R1 586 542 could not be confirmed as supporting documentation could not be provided for interest amounting to R259 756. No interest was charged on long-outstanding debtors. No breakdown of interest received could be submitted to enable us to perform alternative procedures.

Debtors

11. Debtors were incorrectly levied during the year. No indigent subsidy application forms could be provided. We were therefore unable to determine whether subsidies provided to indigents had been approved. I was consequently unable to confirm or verify by alternative means the completeness and existence of and rights and obligations relating to the R5 536 763 disclosed.
12. The accuracy, classification and occurrence of debit adjustments to debtors amounting R492 020 could not be confirmed as journals were not adequately supported. The corresponding entry of the journals could not be determined.

Fixed assets

13. The municipality did not have an asset management system in place during the year under review. Support for capital additions amounting to R460 509 could also not be submitted. I was consequently unable to confirm or verify by alternative means the completeness, existence and valuation of and rights and obligations relating to fixed assets disclosed as R979 524 in note 6 to the financial statements.

Bank and cash

14. Outstanding deposits amounting to R93 000 could not be traced to subsequent bank statements due to lack of an audit trail. I was consequently unable to confirm or verify by alternative means the completeness, existence and valuation of and rights and obligations relating to bank and cash.

Cash flow statement

15. Non-operating expenditure disclosed as R81 446 in the cash flow statement could not be traced to supporting documentation.
16. Amounts per the cash flow statement are not accurate:
- (Increase)/Decrease in debtors shown as (R2 870 836) is mathematically inaccurate as there was a decrease in the debtors of R2 798 882
 - Increase/(Decrease) in creditors shown as (R721 712) is mathematically inaccurate as there was an increase in creditors of R434 959 per the balance sheet.
 - (Increase)/Decrease in cash on hand shown as (R3 189 495) is mathematically inaccurate as there was an increase of R3 188 055.

Investments

17. The completeness of investments disclosed as R9 819 200 could not be confirmed, as an investment account at a commercial bank was not disclosed in the financial statements. The movement that occurred in the account was not recorded in the cash book. The account details were also not disclosed in the financial statements as required by section 125(2)(a) of the MFMA.
18. Note 7 to the financial statements indicates that the investments disclosed as R9 819 200 is ceded to secure a bank overdraft. This statement is incorrect as it contradicts the confirmation received from the financial institution. The municipality does not make use of an overdraft facility.

Inventory

19. No balance was disclosed for inventory in the financial statements. I have, however, identified unrecorded inventory. The municipality does not have a system in place to identify, record and value inventory and I was unable to perform alternative procedures to obtain adequate assurance on the account balance.

Expenditure

20. Expenditure amounting to R539 933 was not supported. The occurrence and completeness of the expenditure disclosed amounting to R26 770 397 could not be confirmed or verified by alternative means.
21. No supporting documentation could be submitted for debit journals amounting to R1 154 266 and credit journals amounting to R300 360 affecting expenditure.
22. Current year expenditure that was not recorded amounting to R428 305 was identified. Had management recorded the expenditure, creditors would have increased by R427 381 and bank and cash would have decreased by R924.
23. Section 125(1)c of the MFMA requires the full disclosure of auditors' remuneration. The auditors' remuneration was disclosed as R680 000 in note 16 to the financial statements. The actual audit fees incurred during the period under review amounted to R594 992. Expenditure and creditors are therefore overstated with R85 008.

Consumer deposits

24. The system used for recording consumer deposits does not provide an adequate audit trail. I was consequently unable to confirm or verify by alternative means the completeness and existence of and rights and obligations relating to the consumer deposits disclosed as R351 319.

Creditors

25. The existence and completeness of creditors disclosed as R1 127 081 could not be confirmed as suspense accounts amounting to R264 136 could not be supported by audit evidence. No creditor reconciliations were performed and a complete list of creditors could subsequently not be provided. Not all creditors were recorded at year-end. The limitation of scope imposed by the lack of documentation did not enable us to perform alternative procedures.

Provisions

26. The basis of calculation of leave provision could not be provided to our office. There is also a lack of controls to monitor leave. The entity's records did not allow us to perform alternative procedures on this balance. Consequently, I could not obtain all information I considered necessary to satisfy myself as to the existence, completeness and valuation of the leave provision.

Related parties

27. Related-party transactions amounting to R5 087 194 were identified. No disclosure of related-party transactions was made in the financial statements.

Value-added tax (VAT)

28. The completeness and existence of VAT amounting to R510 365 disclosed under debtors could not be confirmed or verified by alternative means as VAT amounting to R50 049 was incorrectly claimed and R101 574 not levied. The approved VAT apportionment from SARS could not be submitted.

Employee cost

29. The completeness and occurrence of employee cost disclosed as R8 636 205 could not be confirmed. Supporting documentation could not be provided for gross salaries totalling R2 434 873. Due to the lack of supporting documentation, we were unable to perform alternative procedures.

Fruitless expenditure

30. I have identified interest payments on overdue accounts amounting to R3 987. There may be more such cases that were not detected by the municipality's accounting system. No alternative procedures could be performed to identify all fruitless expenditure. These amounts were not disclosed as fruitless and wasteful expenditure.

Irregular expenditure

31. I have identified irregular expenditure incurred during the year amounting to R1 742 259. The municipality's accounting system did not allow me to perform alternative procedures to obtain assurance as to the completeness of this balance. This expenditure was not disclosed as irregular in the financial statements.

Leases

32. The municipality does not have an accounting policy for leases, with the result that the correct recognition, classification and treatment of leases could not be determined.

Funds and reserves

33. A provision for audit fees amounting to R640 425 was incorrectly created against the appropriation account. An entity should not provide for audit fees as it does not relate to an event in the past.
34. A provision for bad debts amounting to R4 603 470 was incorrectly created against the appropriation account. The difference between the current year provision and the prior year estimation should have been created against the income statement.

Unauthorised expenditure

35. The municipality overspent its approved budget in the income statement by R7 152 048. These amounts constitute unauthorised expenditure as defined in Section 1 of the MFMA, and should have been disclosed in the financial statements in terms of Section 125(1)(d) of the MFMA.

Disclaimer of opinion

36. Because of the significance of the matters described in the Basis for disclaimer of opinion paragraphs, I have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements of the Renosterberg Municipality. Accordingly, I do not express an opinion on the financial statements.

OTHER MATTERS

I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Internal controls

37. Section 62(1)(c)(i) of the MFMA states that the accounting officer must ensure that the municipality has and maintains effective, efficient and transparent systems of financial and risk management and internal control. The table below depicts the root causes that gave rise to the inefficiencies in the system of internal control, which led to the disclaimer of opinion. The root causes are categorised according to the five components of an effective system of internal control. In some instances deficiencies exist in more than one internal control component.

Reporting item	Control environment	Risk assessment	Control activities	Information and communication	Monitoring
Revenue	X				
Debtors	X	X		X	
Fixed assets	X			X	
Bank and cash	X				
Cash flow statement	X			X	
Investments	X			X	
Inventory	X			X	
Expenditure	X				
Consumer deposits	X			X	
Creditors	X			X	
Provisions	X			X	
Related parties	X				
Value-added tax	X			X	
Employee cost	X				
Fruitless expenditure	X				
Irregular expenditure	X				
Leases	X			X	
Funds and reserves	X			X	
Unauthorised expenditure	X				

Control environment: establishes the foundation for the internal control system by providing fundamental discipline and structure for financial reporting.

Risk assessment: involves the identification and analysis by management of relevant financial reporting risks to achieve predetermined financial reporting objectives.

Control activities: policies, procedures and practices that ensure that management's financial reporting objectives are achieved and financial reporting risk mitigation strategies are carried out.

Information and communication: supports all other control components by communicating control responsibilities for financial reporting to employees and by providing financial reporting information in a form and time frame that allow people to carry out their financial reporting duties.

Reporting item	Control environment	Risk assessment	Control activities	Information and communication	Monitoring
<u>Monitoring</u>: covers external oversight of internal controls over financial reporting by management or other parties outside the process; or the application of independent methodologies, like customised procedures or standard checklists, by employees within a process.					

Non-compliance with applicable legislation

38. Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA)

- The accounting officer did not submit the details of the bank accounts held by the municipality, as required by section 9 of the MFMA.
- The accounting officer did not table in the municipal council a consolidated report of all payments made during the four quarters, as required by section 11(4) of the MFMA.
- The accounting officer did not ensure that a system was in place during the period under review to manage assets and liabilities, as stipulated in section 63 of the MFMA.
- Payments were not always made within 30 days from receipt of invoice, as required by section 65(2)(e) of the MFMA.
- The municipality did not have an SCM policy in place as required by section 111 of the MFMA.
- The municipality did not prepare an annual report as required by section 121 of the MFMA.
- The municipality did not prepare reports as required by section 114 of the MFMA.

39. Division of Revenue Act, 2007 (Act No. 1 of 2007) (DoRA)

- The municipality did not adhere to the requirements of the receiving officer as stipulated in section 11(2), (3) and (4) of the DoRA.
- The municipality did not adhere to the requirements of the receiving officer as stipulated in section 12(1), (2), (4) and (6) of the DoRA.

40. Municipal Systems Act, 2000 (Act No. 3 of 2000) (MSA)

- The municipal council did not develop a system of delegation as required by section 59 of the MSA.

Matters of governance

41. The MFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
Audit committee		
• The municipality had an audit committee in operation throughout the financial year.		X
• The audit committee operates in accordance with approved, written terms of reference.		X
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 166(2) of the MFMA.		X
Internal audit		
• The municipality had an internal audit function in operation throughout the financial year.	X	
• The internal audit function operates in terms of an approved internal audit plan.	X	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in section 165(2) of the MFMA.	X	
Other matters of governance		
• The annual financial statements were submitted for audit as per the legislated deadlines in section 126 of the MFMA.	X	
• The annual report was submitted to the auditor for consideration prior to the date of the auditor's report.		X
• The financial statements submitted for audit were not subject to any material amendments resulting from the audit.	X	
• No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.		X
• The prior year's external audit recommendations have been substantially implemented.		X
Implementation of Standards of Generally Recognised Accounting Practice (GRAP)		
• The municipality submitted an implementation plan, detailing progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 30 October 2007.		X
• The municipality substantially complied with the implementation plan it submitted to the National Treasury and the relevant provincial treasury before 30 October 2007, detailing its progress towards full compliance with GRAP.		X
• The municipality submitted an implementation plan, detailing further progress towards full compliance with GRAP, to the National Treasury and the relevant provincial treasury before 31 March 2008.		X

Unaudited supplementary schedules

42. The supplementary information set out on appendices A to F does not form part of the financial statements and is presented as additional information. I have not audited these schedules and accordingly I do not express an opinion thereon.

OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

43. I was engaged to review the performance information.

Responsibility of the accounting officer for the performance information

44. In terms of section 121(3)(c) of the MFMA, the annual report of a municipality must include the annual performance report of the municipality prepared by the municipality in terms of section 46 of the Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000) (MSA).

Responsibility of the Auditor-General

45. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008* and section 45 of the MSA.
46. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.
47. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings (performance information)

Non-compliance with regulatory requirements

48. The annual report of the Renosterberg Municipality did not include the municipality's annual performance report prepared by the municipality in terms of section 46 of the MSA, as required by section 121(3)(c) of the MFMA.
49. The integrated development plan of the Renosterberg Municipality did not include the key performance indicators and performance targets determined in terms of its performance management system, as required by section 26(i) of the MSA.

APPRECIATION

50. The assistance rendered by the staff of the Renosterberg Municipality during the audit is sincerely appreciated.

Auditor - General
Kimberley

30 November 2008



A U D I T O R - G E N E R A L

**RENOSTERBERG MUNICIPALITY EXTERNAL
AUDIT ACTION PLAN**

AUDIT REPORT: 2007/2008

Revenue

Audit Finding	Action	Time Frames	Responsibility	Comment
Completeness and occurrence of rates income	Ensuring that all valid property be correctly levied.	July 2009	CFO / Income Accountant	A new valuation roll has been drawn-up by SWK Valuator in terms of the Property Rates Act than caters for all property within the municipality. A new FMS has been implemented that will assist with accurate rates billing.
Accuracy, completeness and occurrence of income disclosed.	Ensuring that all income is accurately and correctly levied.	June 2009	CFO/ Income Accountant	A new FMS has been implemented that will assist with accurate billing of income.
Accuracy, completeness and occurrence of grants and subsidies disclosed.	Ensuring that all grants and subsidies is accurately and correctly disclosed by means of reconsolidations.	June 2009	CFO/ Income Accountant	A procedure of control has been put into place to ensure that all grants and subsidies have been accounted for.
Accuracy, completeness and occurrence of credit journals disclosed	Ensure that all credit journals are supported by valid documentation	January 2009	CFO/ Income Accountant	Procedures of control have been put into place to ensure that all credit journals are supported by documentation.

Accuracy, completeness and occurrence of interest received disclosed	Ensuring that all interest is accurately and correctly disclosed.	January 2007	CFO/Expenditure Accountant	Procedures of control have been put into place to ensure that all interest is correctly recognised.
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Debtors

Audit Finding	Action	Time Frames	Responsibility	Comment
Accuracy, completeness and occurrence of indigent debtors disclosed	Ensure that all indigent debit are valid by means of supporting documentation	January 2009	CFO/ Income Accountant	Procedures of control have been put into place to ensure that all indigents are registered.
Accuracy, completeness and occurrence of debtors journals disclosed	Ensure that all debtors/credit journals are supported by valid documentation	January 2009	CFO/ Income Accountant	Procedures of control have been put into place to ensure that all debtors/credit journals are supported by documentation.

Fixed Assets

Audit Finding	Action	Time Frames	Responsibility	Comment
Accuracy, completeness and occurrence of an asset management system	Ensure that all assets are accounted for as per GAMAP/GRAP.	July 2009	CFO/ Expenditure Accountant	A new FMS has been implemented that will assist with accurate asset management. Due to the complexity and lack of financial records this process will take time to complete.

Bank and Cash

Audit Finding	Action	Time Frames	Responsibility	Comment
Completeness, existence, valuation, rights and obligations relating to bank and cash.	Ensuring that all outstanding deposits is accurately and correctly disclosed	March 2009	CFO/ Income Accountant	A new FMS has been implemented that will assist with accurate bank and cash management.

Cash flow Statement

Audit Finding	Action	Time Frames	Responsibility	Comment
Accuracy, completeness of cash flow statement	Ensure that the cash flow statements is free from mathematical errors	June 2009	CFO	With the completion of the financial statements for the period ending 30 June 2009 this issue will be addressed.

Investments

Audit Finding	Action	Time Frames	Responsibility	Comment
Completeness and occurrence of investments	Ensuring that all investments are correctly accounted for.	February 2009	CFO / Income Accountant	A new FMS has been implemented that will assist with accurate accounting of investments as well as procedures of controls have been implemented.

Inventory

Audit Finding	Action	Time Frames	Responsibility	Comment
Completeness and occurrence of inventory	Ensuring that all inventory items are correctly accounted for.	June 2009	CFO / Expenditure Accountant	The nature and value of the inventory items will be investigated and if justified, procedures of control shall be implemented.

Expenditure

Audit Finding	Action	Time Frames	Responsibility	Comment
Supporting documentation on expenditure	Ensure that proper filling and documentation is attached to expenditure vouchers	January 2009	CFO/Expenditure Accountant / expenditure clerk	Being done on a continuous basis
Supporting documentation on journals	Ensure that proper filling and documentation is attached to journals	January 2009	CFO/Expenditure Accountant / expenditure clerk	Being done on a continuous basis
Recording of current year expenditure	Ensure that all expenditure are recorded, properly filling and documented.	January 2009	CFO/Expenditure Accountant / expenditure clerk	Being done on a continuous basis. A new FMS has been implemented that will assist with accurate accounting of expenditure.

Consumer Deposits

Audit Finding	Action	Time Frames	Responsibility	Comment
Accurate recording of consumer deposits	Ensure that all consumer deposits are recorded properly.	January 2009	CFO/Income Accountant.	Being done on a continuous basis. A new FMS has been implemented that will assist with accurate accounting of consumer deposits.

Creditors

Audit Finding	Action	Time Frames	Responsibility	Comment
Accurate recording of creditors	Ensure that all creditors are accounted for and recorded.	January 2009	CFO/Expenditure Accountant.	Being done on a continuous basis. A new FMS has been implemented that will assist with accurate accounting of creditors.

Provisions

Audit Finding	Action	Time Frames	Responsibility	Comment
Accurate recording of leave provisions	Ensure that all leave provisions are calculated accurately as per prescriptions.	July 2009	CFO/Expenditure Accountant/Salary Clerk	A new Payroll system has been implemented that will assist with accurate accounting of leave and leave provisions..

Related Parties

Audit Finding	Action	Time Frames	Responsibility	Comment
Completeness and occurrence of related party transactions	Ensuring that all related party transactions are accounted for.	February 2009	CFO / Income Accountant/ Expenditure Accountant	Related party transactions will be disclosed in the financial statements.

Value Add Tax (VAT)

Audit Finding	Action	Time Frames	Responsibility	Comment
Completeness and occurrence of VAT	Ensuring that all VAT transactions are correctly accounted for.	February 2009	CFO / Income Accountant/ Expenditure Accountant	A new FMS has been implemented that will assist with accurate accounting of VAT. Procedures of controls will also be implemented.

Employee Cost

Audit Finding	Action	Time Frames	Responsibility	Comment
Completeness and occurrence of employee cost	Ensuring that all employee cost transactions are correctly accounted for.	October 2008	CFO / Expenditure Accountant/ Salary Clerk	A new FMS and payroll has been implemented that will assist with accurate accounting of employee cost. Procedures of controls will also be implemented.

Fruitless Expenditure

Audit Finding	Action	Time Frames	Responsibility	Comment
Accurate recording of fruitless expenditure	Ensure that all transactions are accurately accounted for.	January 2009	CFO/Expenditure Accountant	A new FM System has been implemented that will assist with accurate accounting of transactions.

Irregular Expenditure

Audit Finding	Action	Time Frames	Responsibility	Comment
Accurate recording of irregular expenditure	Ensure that all transactions are accurately accounted for.	January 2009	CFO/Expenditure Accountant	A new FM System has been implemented that will assist with accurate accounting of transactions.

Leases

Audit Finding	Action	Time Frames	Responsibility	Comment
Accurate recording of leases	Ensure that all lease transactions are accurately accounted for.	January 2009	CFO/Expenditure Accountant	The municipality will develop a lease policy that will assist with accurate accounting of lease transactions.

Funds and Reserves

Audit Finding	Action	Time Frames	Responsibility	Comment
Accurate recording of provisions in funds and reserves	Ensure that provisions transactions are correctly accounted for.	June 2009	CFO/Expenditure Accountant	A new FM System has been implemented that will assist with accurate accounting of transactions.

Unauthorised Expenditure

Audit Finding	Action	Time Frames	Responsibility	Comment
Accurate recording of unauthorised expenditure	Ensure that unauthorised expenditure is approved and that budget expenditures are not exceeded.	January 2009	CFO/Expenditure Accountant	A new FM System has been implemented that will assist with accurate accounting of transactions.